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UNDP: COUNTRY PROGRAMMES AND RELATED MATTERS

Mid-term review of the Fifth Country Programme for the Lao People's Democratic Republic

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I. THE MID-TERM REVIEW PROCESS

1. The mid-term review process involved the participation of several working groups composed of government and UNDP personnel, as well as representatives from other United Nations agencies and non-governmental organizations (NGOs) operating in the Lao People's Democratic Republic. The process helped to determine if the various elements of the programme remained relevant to national priorities and were achieving or likely to achieve the desired results, particularly in the face of changes in the country's development context. The review also provided an opportunity to determine if financial and human resources were being used effectively to implement the programme. Various workshops, in which senior government officials participated, were also held, to review the draft of the joint issues paper. The paper identified key issues and provided concrete recommendations to enhance the impact and cost-efficiency of UNDP/Government programme cooperation, and considered future programming directions, based on the country's continued transition to a market-based economy and the articulation of its development strategy through seven national programme priorities. The joint issues paper was reviewed and approved by the Government and UNDP headquarters in mid-1995.

2. The formal mid-term review meeting between the Government and UNDP was held in Vientiane in April 1995.

II. NATIONAL DEVELOPMENT GOALS AND FIFTH COUNTRY PROGRAMME

3. In 1986, the Fourth Party Congress of the Lao People's Revolutionary Party adopted a package of reforms intended to transform the country's centrally-planned, command-based economic system to a market-based system characterized by decentralized economic decision-making and a much expanded private sector. The new economic management system that emerged as a result of the reform package came to be known as the New Economic Mechanism. That market-based economic system was incorporated into the country's constitution in 1991.

4. The fifth country programme for the period 1992-1996 (DP/CP/LAO/5) was designed to support the Government's development plans in the following areas: (a) implementation of economic and administrative reform; (b) development of the country's physical infrastructure; and (c) human resource development.

III. PROGRAMME RESOURCES

5. Total fifth-cycle indicative planning figure (IPF) resources at the time of the formulation of the fifth country programme amounted to $42,156,000. The annex provides a financial summary and breakdown of the allocation of total IPF resources among the different areas of programme concentration.

6. It should be noted that, given the 70 per cent IPF programming limitation, it was agreed at the mid-term review meeting that UNDP should make every effort to tap additional programme resources within the organization (Special Programme Resources, etc.), as well as other external resources. It was further agreed

that the priority target for resource mobilization should be to recoup the 30 per cent reduction in IPF resources, which amounted to $12.6 million.

IV. PROGRAMME EFFECTIVENESS AND PRELIMINARY IMPACT

7. All of the projects supported through the fifth country programme corresponded generally to one or more of the three areas of programme concentration listed in paragraph 4 above. However, in order to increase the impact of the UNDP contribution to the Government's overall development objective, most of these projects were regrouped to achieve a more focused programme approach. Consequently, in February 1995, it was necessary to reduce some of the IPF-funded projects. Activities undertaken to date through the fifth country programme have made a measurable contribution to positive changes in the country's development and remain relevant to the country's continued development. The Government has fully endorsed the assessment of the fifth country programme, as outlined in the joint issues paper, and noted that UNDP cooperation has made an important and efficient contribution to national human resource development. In addition, the mid-term review process helped to ensure the use of specific and targeted performance indicators for UNDP-funded activities, to facilitate more effective monitoring and evaluation.

A. Support to the New Economic Mechanism

8. The mid-term review found that the UNDP contribution to the New Economic Mechanism reform process represented the most focused area of cooperation, considering a specific set of macroeconomic issues and involving key ministries or government bodies. In addition, only a few donors, mostly multilateral, have actively supported the Government's effort to implement and consolidate the macroeconomic reforms introduced through the New Economic Mechanism. Among them, UNDP has been a leading donor, working closely with the International Monetary Fund, the World Bank and the Asian Development Bank, to provide needed technical cooperation. The precise nature of such support, as well as the limited number of donors and government counterparts, have facilitated close and effective collaboration with the Government.

9. In all projects designed to support the New Economic Mechanism, cooperation has been directed towards institution- and capacity-building, in order to support sound management of the different sectors of the country's economy. In the future, more attention will be given to addressing issues that are likely to lead to the negative effects of economic transition and to working more closely with the Government to better understand the effects of economic transition, through specific studies and the development of projects and programmes targeted at a wider population.

10. On the whole, the UNDP contribution to the New Economic Mechanism is well-justified, given the importance the Government has placed on the economic reform process, as well as the success of the process itself. Greater emphasis must now be placed on minimizing the negative effects of the reform process on disadvantaged groups, particularly those living in remote areas, including minorities. The Government's recent emphasis on rural development should help

to extend the benefits of economic growth to a greater percentage of the population.

B. Development of physical infrastructure

11. The fifth country programme proposed that the second area of concentration, the development of physical infrastructure, should be measured through the expansion of transport and communication facilities, as well as the proven results of mineral exploration and hydropower development. The programme document also indicated that the capacity-building results of the programme would be revealed by the demonstrated ability of the Government to plan and implement such expansions and to provide the trained manpower and recurrent funding for further expansion and maintenance. Those principles have guided UNDP cooperation for the development of the country's infrastructure, particularly in helping the Government to formulate master plans and promote foreign investment in areas such as civil aviation, telecommunications, hydropower and minerals. The implementation of projects in the area of infrastructure development, including UNDP- and United Nations Capital Development Fund (UNCDF)-funded projects, has contributed directly to the ability of the Government to plan, manage and supervise projects in the agricultural, transportation, communications, hydropower and urban development sectors. The Government has expressed its appreciation for the contribution made by UNDP in the hydropower sector and noted that UNDP continues to play a key role in assisting the Government in mobilizing additional technical cooperation resources from other donors for the hydropower sector and in coordinating such cooperation.

C. Human resource development

12. The UNDP contribution to human resource development might be measured by assessing the ability of the Government to direct and sustain improvements in the social sector, through its own planning, investment, management and training capacities. While it appears that there had been a distinct lack of focus to human resource development activities in the past, the issue has been addressed in the fifth country programme through the inclusion of training components in virtually all projects, as well as the transfer of skills and training provided by UNDP-funded international experts.

13. The continued lack of trained, qualified human resources in the country has led to a strong emphasis on capacity-building in all UNDP-supported activities, including training for gender-based activities. Of the 350 trainees sent abroad in the period 1992-1994, only 19 per cent were women. The Government and UNDP have agreed to make greater efforts to include more women in all UNDP-funded training activities.

14. Further capacity-building is needed, particularly in the management of externally funded development and technical cooperation projects. At the mid-term review meeting, it was noted that the small, but important project on strengthening national execution (LAO/94/005) will contribute to improved national ownership of the development process, by upgrading project-management

skills and enlarging the pool of trained government managers. In particular, the project will train managers of nationally executed projects, establish and/or clarify institutional arrangements and project management procedures, and assist the National School of Administration and Management in building its management-training capacities. In this regard, the recommendations of the June 1994 round-table meeting have also been taken into account.

15. In cooperation with the World Bank and other donors, UNDP will assist the Government in the formulation and implementation of a comprehensive programme for human resources development, in the areas of education, culture, training, health, nutrition and birth-spacing, in accordance with government requests.

16. The joint issues paper highlighted the potential threat posed by the human immunodeficiency virus (HIV)/acquired immunodeficiency syndrome (AIDS) to the development of the country's human resources. Compared to the situation of the other countries in the region, the spread of the disease remains at an early stage in the Lao People's Democratic Republic. However, given the country's rapid movement towards a more open society and the associated economic and social changes, the joint issues paper recommended urgent preventative action. A new UNDP project has been formulated and is ready for approval. Furthermore, the new Joint and Co-sponsored Programme on HIV/AIDS will help to consolidate United Nations efforts. The Government, UNDP, the World Health Organization, and the relevant United Nations agencies will jointly develop an effective strategy for the prevention and control of HIV/AIDS in the country.

D. New programme priorities

17. At the mid-term review meeting it was recommended that the focus of the programme in the future should be determined by current national priorities and the UNDP comparative advantage. UNDP programmes also should be viewed in the context of a concerted United Nations system effort in the Lao People's Democratic Republic to support key national programmes, to be determined through the recently initiated country strategy note process.

18. Through the review, it was determined that the programme's three areas of concentration had been valid and should remain as designated. It also was agreed that: (a) rural development as a new national priority was not explicitly served in the context of the fifth country programme; (b) human resource development was omnipresent in the programme, rather than a separate programme focus; and (c) limited resources would minimize the role of UNDP in the development of physical infrastructure, with the exception of sector management issues.

19. At the mid-term review workshop, therefore, it was recommended that, in the future, the programme should focus on:

(a) Improved macroeconomic management and governance, through macroeconomic systems, legislation and civil service reform that reflect the Government's new role in the emerging market economy, and the promotion and management of foreign investments in key sectors, such as hydropower and minerals;

(b) Elimination of rural poverty, through decentralized and participatory approaches aimed at village food security and nutrition, improved education, better rural health services and income generation.

20. UNDP will continue to emphasize national ownership of development programmes, aid coordination, and capacity-building and human resource development, not only within the central Government, but also at the local and community levels. Environmental conservation will also be an integral part of all programmes.

V. SUSTAINABLE HUMAN DEVELOPMENT

21. UNDP is working very closely with the Government to operationalize the concept of sustainable human development (SHD), within the framework of the Government's national priorities. The Government's national development strategy is fully consistent with SHD, which will be a key element of the country strategy note and future UNDP programming activities. More attention will be paid to participatory development, including better dialogue and increased work with the community, local groups, local and international NGOs.

22. UNDP and the Government will do more to improve natural resources management. In particular, the UNDP guidelines for environmental management and sustainable development will be applied to all projects, and environmentally benign technologies will be promoted. Efforts will be made to mobilize Capacity 21, Global Environment Facility and other environment-based funding for the country. UNDP will assist the Government in preparing for the ratification of international environment conventions.

VI. UNDP-ADMINISTERED FUNDS

A. United Nations Capital Development Fund

23. UNCDF-supported projects have directly complemented UNDP-supported activities, usually in tandem with IPF-funded projects. In addition, through UNCDF-supported projects in infrastructure-based development, particularly small-scale irrigation, loans and working capital have been provided to support spin-off economic activities. UNCDF has also provided local development funds to encourage private initiatives, particularly small-scale micro-enterprises, such as community-based rice mills and handicraft groups. Future UNCDF programming will continue to stress the community-based approach, with greater involvement of beneficiaries at every stage. Attempts will be made to more fully integrate UNCDF projects within a common United Nations system approach to poverty elimination.

B. United Nations Development Fund for Women

24. Support from the United Nations Development Fund for Women (UNIFEM) has been highly appreciated, and supplements UNDP support to either the Lao Women's Union (LWU) or specific projects for women. UNIFEM, for example, assisted LWU

in gauging the specific impact on women of the national economic reform process. Future UNIFEM projects will be better integrated into UNDP projects and programmes.

C. Management Development Programme

25. As the country's economic reform process evolved, it became clear that further progress could be achieved with a better-equipped public service sector. In response to the Government's request for assistance in mounting a programme of public administration reform, UNDP formulated an IPF-funded project (LAO/92/006) in that area. A complementary project (LAO/92/506) is being funded through the UNDP Management Development Programme (MDP). Those initiatives are making a strong impact and, along with assistance in economic management, form an integral part of the broad push towards improving the country's governance. Other project activities in the country are also supported through MDP.

D. Special Programme Resources

26. SPR administered by UNDP headquarters have been used to: (a) support the fifth round-table meeting; (b) strengthen the national execution modality; and (c) promote SHD initiatives.

VII. OPERATIONAL ISSUES

A. The programme approach

27. UNDP has attempted to adopt more of a programme approach in the fifth country programme, through its three areas of programme concentration. However, due partly to the large number of projects carried over from the fourth country programme, there was still a strong orientation towards stand-alone projects. Most of the projects carried over from the fourth country programme were formulated during that programme period, but were approved and implemented as part of the fifth country programme.

28. Given the fact that development in the Lao People's Democratic Republic is very much project-oriented, UNDP is working closely with the Government to implement the programme approach, where feasible, and to convince the Government of the merit of that approach. The seven development priorities recently approved by the Government opened the door for the application of the programme approach in development planning and better-targeted cooperation.

B. Project management and implementation

29. Implementation constraints identified through the mid-term review process included project time-frames that were too short, given the pace of implementation in the country, the limited capacity of national counterparts, the lack of a national budget, and difficulties in technical coordination between central agencies and provinces and project-based technical personnel.

Other problems identified are the lack of national and provincial standards for tender documents, bidding systems and technical evaluations. The Government's centralized management structure also served as a constraint to timely project implementation, although decentralization of this process is now under way. Some government ministries also indicated that UNDP has been unacceptably slow in providing up-to-date project budget information.

30. The key project management issues identified in the mid-term review process were the availability of counterpart budgets, the efficacy of international technical cooperation expertise, and the quality or competence of counterpart staff. Counterpart budgets inadequate for running costs have affected many UNDP-supported projects. Inadequate counterpart budgets threaten project sustainability and prevent effective government ownership of UNDP-supported projects. It was thus recommended in the joint issues paper that counterpart budgets should cover all project administrative and operational costs, with UNDP funding focused specifically on technical cooperation activities.

31. The availability of qualified government counterparts has also constrained effective project management. Significant efforts have been made to train and upgrade government staff at all levels. However, there remains a lack of qualified national personnel, a problem which has also hampered on-the-job training by UNDP-funded experts and consultants and which has led to the inappropriate assignment of trained staff or their sudden transfer to responsibilities unconnected to their training. Increased emphasis on the transfer of skills, particularly in project management, such as between UNDP chief technical advisers (CTAs) and national project directors (NPDs), will be given more attention. In cases where NPDs are fully able to perform their tasks, the permanent presence of CTAs will be phased out as soon as possible, in favour of short-term monitoring or training missions by foreign experts. In order to obviate problems related to poor understanding by international experts of Lao conditions and administrative structures, it was suggested that the Committee for Planning and Cooperation (CPC) and UNDP should provide a briefing on all aspects of government organization and administration to all long-term experts and consultants.

32. Experience has been mixed among United Nations agencies in identifying suitable expert staff, including CTAs, and undertaking the necessary recruitment and clearance procedures. Delays in recruiting foreign experts have been experienced often, related mainly to difficulties in obtaining clearance by the Government and problems with visa-processing in the Government's embassy in Bangkok, Thailand. It has been agreed that the Government, including CPC and the Ministry of Foreign Affairs, and UNDP, on behalf of the United Nations agencies, should establish a task force to review technical cooperation clearance and visa issues, with a view to establishing faster and more effective processing procedures, through standardized request forms, among other things.

33. Another set of project management and implementation problems stems from inadequate government salaries and the lack of uniform remuneration in projects supported by external donors. UNDP and CPC have agreed to review the matter of per diems for national staff, with a view to establishing a uniform policy for all technical cooperation projects in the Lao People's Democratic Republic. The Government has agreed to make a greater effort to address issues such as project

delays, the need to find other sources of funding, problems in internal coordination and related matters.

C. Monitoring and evaluation

34. Increased attention will be given to monitoring and evaluation of programme activities, which are currently being undertaken in accordance with regular UNDP policies and procedures. In general, tripartite reviews will be more effectively utilized as project management tools and for the assessment of project impact, and more effort will be invested in the tripartite review process, including strict follow-up of agreed-upon actions. Additional funds will be secured (including through the TSS-2 modality) to evaluate overall UNDP cooperation, using broad participatory techniques, in order to better determine how UNDP cooperation is helping the Government to achieve its programme goals. In this context, it was agreed that a strong, independent and professionally competent unit be established to monitor and evaluate the performance and impact of externally funded aid projects in the country, either through CPC or through training for the private and NGO sectors.

35. Without solid socio-economic baseline data it will be extremely difficult for UNDP and the Government to formulate and monitor a meaningful SHD strategy. It is thus proposed that the United Nations development system should improve efforts to collect relevant programme data systematically, particularly socio-economic data, and to work with government partners in analysing such data. Specific performance indicators for UNDP-funded activities will also be developed. Efforts will be made to detail planned project outputs more specifically, in order to facilitate the monitoring and evaluation of UNDP technical cooperation activities, including the impact and effectiveness of such activities. Performance indicators will also serve as important guides to the achievement of specific project objectives and can provide valuable lessons for replicating successful project activities.

36. Apart from the mid-term review process, there is no formal country programme review process. At the mid-term review meeting, it was agreed that joint review meetings would be held on an annual basis. Such meetings would address issues relating to the implementation of UNDP-supported projects, as well as more substantive issues, including emerging development priorities and needs and new approaches to development, such as the further elaboration of SHD.

VIII. MODALITY ISSUES

37. The fifth country programme strongly advocates national management of UNDP-assisted projects and programmes in the Lao People's Democratic Republic, through support to further training and capacity-building. With 11 nationally executed UNDP projects as of February 1995, the current level of national execution in the country compares favourably with that of other countries in the region. On the whole, the introduction of the national execution modality has led to a greater sense of government ownership of the country programme, including greater involvement and authority of government personnel in decision-making on project management and financial issues.

38. Since national execution is the Government's preferred execution modality for UNDP-funded projects, UNDP is working closely with the Government to further strengthen its capacities in various areas of project development, implementation, monitoring and reporting, including financial reporting and accounting. In this regard, appropriate training is being conducted for NPDs and other senior officials, in national execution operational procedures. Trained national United Nations Volunteers have also been recruited, specifically for community development projects. The TSS-2 modality has proven to be a useful and accessible source of funding and expertise for training activities in individual projects.

IX. AID COORDINATION AND RESOURCE MOBILIZATION

39. UNDP continues to play a central role in supporting the Government in aid coordination and in bringing the donor community together on key issues. UNDP has helped the Government to develop a system of aid programming, monitoring, reporting and overall coordination, linked to a broader system of indicative planning, public investment programming, annual budgeting and expenditure management. Assistance also has been provided for the convening of sectoral review meetings. UNDP continues to prepare the annual development cooperation report, and helped the Government prepare for the fifth round-table meeting, held in Geneva, Switzerland, in June 1994. UNDP also assisted the Government in preparations for a follow-up meeting, which took place in Vientiane, in September 1995.

40. During the mid-term review process it was found that the capacity of the Government to identify, formulate, evaluate and implement development projects would need to be further strengthened, in order to successfully implement the country's ambitious Public Investment Programme and to absorb the significant external cooperation pledged through the fifth round-table meeting.

41. At the mid-term review meeting, it was agreed that the preparation for the sixth round-table meeting, scheduled to be held in mid-1996, should begin earlier than it did for the fifth round-table meeting, and that the first draft of round-table meeting documentation should be prepared in-house by CPC, in the Lao language, so as to ensure maximum national ownership of the round-table meeting process.

42. Participants in the review meeting concurred that the 1994 creation of the Foreign Aid Management Committee (Decree 163/PM) would contribute to more efficient aid coordination, under the leadership of the Government. The pivotal role of CPC in ensuring greater coordination of external cooperation for national priorities and needs was noted, and donors reiterated a request to the Government for clarification on the specific roles and responsibilities and operating procedures emanating from the decree. In addition, it was recommended that the UNDP role in aid coordination, including resource mobilization, should be emphasized and further strengthened, and that UNDP should continue to assist and advise the Government in setting external cooperation priorities and in resource mobilization for key national programmes.

Annex

FINANCIAL SUMMARY

I. RESOURCES

A. Resources available for country programme period

	$	$
IPF	23 767 200 a/	
Estimated cost-sharing	4 279 639	
Total		28 046 839

B. Commitments

Approved programmes/project budgets b/		
Approved and allocated IPF	20 750 264	
Approved and unallocated IPF	662 500	
Subtotal		21 412 764
Approved and allocated cost-sharing	4 279 639	
Approved and unallocated cost-sharing	-	
Subtotal		4 279 639
Pipeline programme/project budgets		
IPF	2 502 000	
Cost-sharing	-	
Subtotal		2 502 000
Total		28 194 403

C. Balance of resources available for further programming

IPF	-	(147 564)
Cost-sharing	-	-
Balance of resources available		(147 564) c/

(Footnotes on following page)

(Footnotes to table)

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a/ Compared to the $42,156,000 originally anticipated for the fifth cycle IPF; the reduction results from the revision of the IPF to 70 per cent of its originally established figure and the borrowing of $5,742,000 from the fourth cycle.

b/ "Approved and allocated" refer to those programmes and projects approved by the Action Committee or Bureau PAC for which there exist detailed, signed documents and budgets. "Approved and unallocated" represent the balance of funds available to the programme or project which have yet to be reflected in specific budget lines.

c/ This figure represents the net balance of IPF and cost-sharing resources available plus joint programme funding less approved and allocated/unallocated IPF and cost-sharing funding less pipeline IPF and cost-sharing.

II. PROPOSED (P) AND ACTUAL (A) ALLOCATION OF RESOURCES BY AREA OF CONCENTRATION a/

(Thousands of dollars)

Area of concentration	IPF		Cost-sharing		Total		Percentage of Total	
	(P)	(A)	(P)	(A)	(P)	(A)	(P)	(A)
Poverty alleviation/human development	9 595	6 481	124	1 853	9 719	8 334	24	30
Development of physical infrastructure	11 324	5 471	4 734	2 316	16 058	7 787	39	28
Economic management and administrative reform	11 002	6 807	-	110	11 002	6 917	27	24
Fourth country programme	459	-	-	-	459	-	1	-
Programme support	1 826	-	-	-	1 826	-	4	-
Other	2 255	5 156	-	-	2 255	5 156	5	18
Total	36 461	23 915	4 858	4 279	41 319	28 194	100	100

a/ Taking into account the 30 per cent reduction of IPF for the fifth cycle.

III. ESTIMATED COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES

	At time of formulation of country programme	At time of mid-term review
UNDP-administered funds a/	13 042 000	13 042 000
Other United Nations resources b/	-	1 270 000
Non-United Nations resources	-	-
Total	13 042 000	14 312 000

a/ Including resources from the United Nations Capital Development Fund and the United Nations Children's Fund.

b/ Including resources from the Partners in Development Programme, Domestic Development Services and Special Programme Resources.

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Mid-term review of the first country programme for the Republic of Yemen

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I. THE MID-TERM REVIEW PROCESS

1. The first country programme for the Republic of Yemen (DP/CP/ROY/1 of 9 March 1992), for the period 1992-1996, was approved in 1992. The mid-term review process began in December 1993, and the mid-term review meeting was scheduled for September 1994. Armed conflict in the country interrupted the review process, and the meeting, chaired by the Vice Minister of Planning and Development, was held only on 20-21 June 1995. A joint issues paper and thematic analytical papers were prepared to assess the relevance and impact of the country programme. The thematic papers covered strategic planning, private sector development, women in development, civil service reform and disaster prevention and recovery. In addition, the concept of sustainable human development was presented by the country office. Issues affecting programme implementation and the use of UNDP and other United Nations resources were identified, and those of special concern to the Executive Board were also reviewed.

2. The mid-term review meeting was attended by a wide range of government officials, representing key live ministries, and representatives of the Economic and Social Commission for Western Asia (ESCWA) and United Nations agencies. The meeting focused on the relevance of the country programme to national goals and priorities, especially in light of negotiations relating to the stabilization and economic reform programme. A review of programme management issues covered recent initiatives, such as national execution, the programme approach, poverty alleviation, women in development and non-governmental organization (NGO) participation. Other key points of the review included the preparation of the country strategy note and aid coordination and resource mobilization.

II. ECONOMIC, SOCIAL AND POLITICAL SITUATION

3. The Republic of Yemen is a least developed country, with a 1994 human development index value of 0.323, ranking 142 out of 173 countries. Other indicators include: a per capita gross national product of $520 (1991); substantial macroeconomic and structural imbalances; a large external debt (estimated at the level of $7 billion); depleted reserves; a budget deficit; negative real growth; a low rate of foreign investment; inflation at over 100 per cent annually; a growing trade deficit; balance of payment deficit; official unemployment at 35 per cent, a sharply depreciating currency; an adult literacy rate of 41 per cent; life expectancy of 52 years; an infant mortality rate of 110 per 1,000 live births; and a population growth rate of 3.7 per cent per year.

4. The Republic of Yemen, formed on 22 May 1990, unified the former Yemen Arab Republic and the People's Democratic Republic of Yemen, bringing together two different political, economic and administrative systems, generating new challenges, such as the streamlining of a large government bureaucracy and huge public sector expenditures. While the country was coping with these challenges, the economy had to bear the social burdens and economic costs resulting from the Gulf crisis. First, it had to absorb some 1 million Yemenis expelled from the Gulf States and cope with the socio-economic pressures caused by that influx.

Second, there was a sharp decline in external financial inflows, owing to the loss of the remittances of expatriate Yemeni workers, estimated at $1 billion a year, and to cuts in foreign aid.

5. The formulation of the country programme was carried out during a transition period, which ended only in 1993, with the formation of the Government of the unified Republic of Yemen. Internal differences, however, led to the armed conflict of May-July 1994.

6. The consequences of the political crisis were significant:

(a) Conflicting views and a lack of consensus between the two main parties in the coalition Government paralysed decision-making, including that related to the implementation of the UNDP country programme. The conflict also meant that less attention was paid to development efforts in general;

(b) During and after the armed conflict, the Government was preoccupied with emergency activities and the restoration of public services in the areas affected by the armed conflict, which resulted in a redirection of development efforts and financial resources towards emergency and rehabilitation operations since May 1994.

III. COUNTRY PROGRAMME CONTEXT AND CURRENT NATIONAL AND UNDP PRIORITIES

7. The country programme envisaged UNDP cooperation with the Government in four areas of concentration: (a) strategic planning; (b) management development; (c) human development; and (d) natural resources management. However, with the Government struggling to meet short-term financial needs, the country programme was prepared in the absence of a national development plan. Therefore, the priorities discussed with the Government represented both short-term and ad hoc strategies and were subject to change.

8. The socio-political situation made implementation of the programme difficult. Indeed, it is now clear that the design of the country programme should have been less ambitious and thus more in line with the developmental realities and absorptive capacities of the country.

9. The first round-table conference for the Republic of Yemen was held in Geneva, Switzerland, in 1992, to review the economic situation and policies of the country, and to examine aid and technical cooperation. Follow-up meetings on sectoral issues were to be held, and UNDP has undertaken several initiatives to continue the process. However, due to the political situation, the round-table process has been held in abeyance.

10. The Government welcomed the concept of the country strategy note and agreed to its preparation at the beginning of 1994. Commencement of the preparatory work was postponed, however, due to the armed conflict. At the mid-term review, the Government reconfirmed its readiness to embark on the preparation of a country strategy note.

11. At the beginning of 1995, the Government stipulated new priorities consistent with the overall aim of achieving sustainable, enduring and equitable growth. The new set of policies will be implemented in 1996 and will have repercussions on UNDP-assisted activities for the remainder of the country programme. At the mid-term review, UNDP introduced the concept of sustainable human development to encompass four basic dimensions: (a) economic development and growth, job creation and poverty alleviation; (b) social justice and more equitable distribution of income; (c) governance and decentralization and a more significant role for civil society in the overall economic and social development process; and (d) environmental protection and sustainable development. While general support for the concept has been expressed by the participants, further practical elaboration and pilot applications were requested.

IV. PROGRAMME ACHIEVEMENTS

A. Overall impact of the country programme

12. The impact of the first country programme varied with the area of intervention. UNDP has been at the forefront of environmental and natural resources management, assuming a substantive donor coordination role, which led to a major shift in the Government's institutional arrangements for water resources management. Several activities were undertaken after the United Nations Conference on Environment and Development, including the preparatory framework for a national action plan for environment and development and the preservation of biodiversity. In cooperation with other donors, UNDP contributed to institutional capacity-building for environmental management. In view of the adoption of the United Nations International Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa UNDP took the initiative to develop a large-scale multi-donor programme in that area.

13. Positive impact has been achieved in the area of human resources development. The interventions in this area would have benefited from a more coherent national policy framework, which would have led to more meaningful and sustainable results. Future UNDP involvement should take into account the concept of sustainable human development and the new priorities of UNDP, in particular, the renewed focus on poverty eradication and participatory development.

14. The round-table conference, and analytical exercises in both environmental and natural resources managerial and human resources development laid the basis for dialogue with the Government at the time the economic reform programme was being finalized with the World Bank and International Monetary Fund (IMF). Further UNDP involvement is envisaged, once the Government and the World Bank/IMF agree on an economic reform programme.

15. Major positive impact has been generated in the area of emergency assistance, including its direct and efficient provision in times of crisis, as well as international coordination. UNDP has demonstrated clearly that it can play a major coordinating role in emergency situations, and that it is fully

recognized as a leading player by other partners. The Government appreciated UNDP assistance in reducing the adverse impact of the armed conflict in the affected areas.

B. Progress in implementation in areas of concentration

Strategic planning

16. The objective in this area was to provide technical cooperation and policy advice in translating national investment and national reform policies into operational programmes, by improving government managerial capacities, including the improvement of the statistical database for planning purposes. The programme has resulted in policy and operational frameworks for industrial development, private investment promotion, health sector development and the development of free zones in Yemen, the long-term significance of which are considerable. UNDP also has supported the preparation of a five-year economic and social development plan, for approval in 1996, which will, inter alia, provide the necessary framework for future UNDP assistance and that of other agencies and bilateral donors.

17. UNDP will provide the Government of Yemen with high-level independent expertise on the comprehensive economic reforms now being negotiated with the World Bank/IMF. The potential impact of this macroeconomic intervention is critical, since it will directly affect daily lives of the population, as well as influence the development prospects of the country.

18. UNDP supported the Government and national NGOs in their preparations for the Fourth World Conference on Women. A strategy and action plan for the advancement of women in Yemen were elaborated, which will lead to more participation of women in Yemen's development process.

19. Factors affecting development of projects and implementation. The political situation has meant that some proposals have been difficult to elaborate, while others have been delayed, in the absence of timely decisions.

Management development

20. The aims of UNDP assistance in this area were to address the challenges of unifying two different socio-economic and administrative systems, while pursuing decentralization and administrative reform. Encouraging private sector expansion was also envisaged.

21. A management development programme (MDP) has been devised to provide technical cooperation for institution-building and policy formulation. UNDP initiated negotiations with the health and housing ministries, in order to introduce the concepts on a pilot basis. Progress has been hindered due to the prevailing internal difficulties in the country.

22. Project impact in the management development area has been varied. While capacity-building at the Ministry of Planning and Development has been modest, progress in the development of archives and postal services has been more

tangible. The long-term involvement of UNDP in the area of financial controls and audit has helped to strengthen the Government's Central Organization for Control and Audit.

23. Factors affecting development of projects and implementation. Since the main purpose of UNDP assistance in this area was to support the Government in its unification process and in rationalizing its public administration, it was most affected by the political crisis. Prospects for the adoption and implementation of MDP are promising, since the initiation of economic reforms.

Human development

24. In this area of concentration, UNDP aimed at providing technical cooperation in the following fields:

(a) Health. Support was envisaged for the government health programme, in terms of finance, budgeting and statistics, and the strengthening of the government agencies related to public health and population, as well as the provision of training to health personnel in rural areas. Activities were limited, owing to resource constraints;

(b) Education. The development of a unified education system and the provision of technical cooperation to vocational training institutions were envisaged. An inter-agency team led by the International Labour Organization provided policy advice. Two proposals were selected for UNDP funding - a project for the development of a labour market information system, and a job classification, trades-testing and skills-standards project - both of which will be merged into a comprehensive programme;

(c) Employment. Workforce planning, self-employment programmes through small-scale projects for small entrepreneurs and rural women, and the provision of policy advice on private investment were envisaged. The improvement of the technical and professional capacities of national specialists in the areas of marine and port management and hotel and catering management has been achieved and should lead to employment generation, since there are very good prospects for expansion in both fields. Limited results were obtained from activities in rehabilitation centres for the disabled. The major shortcoming of those activities was a lack of sustainability.

Natural resources management

25. The country programme focuses mainly on two areas:

(a) Protection of the environment, through better planning, strengthened capacity and disaster preparedness. UNDP intervention in environmental management and capacity-building at the Environment Protection Council (EPC) had limited impact. However, it should be noted that EPC is supported by other donors as well. A United Nations inter-agency mission, together with the German Agency for Technical Cooperation, the Canadian International Development Agency, and a national consultancy team, produced several reports on water, environmental protection and sustainable human development. Major environmental problems in Yemen were identified, and the awareness raised in the Government

has led to the formulation of a national environment action plan, financed by UNDP and the World Bank. The United Nations Environment Programme and ESCWA jointly prepared an action plan to combat desertification, which will be used by UNDP as the basis for future activities, as well as to mobilize donor community and the Global Environment Facility (GEF) funding;

(b) Water resources management through improved strategies, policies, and targets. Yemen has one of the lowest per capita water resource reservoirs in the world. Over the fourth and fifth cycle, UNDP has invested more than $10 million from indicative planning figure (IPF) resources in the water sector and for mineral resources exploration, and even greater sources were and are being spent to bilateral donors in the water sector. However, optimum water utilization requires a rational institutional framework. The current UNDP/Government of the Netherlands initiative is aimed at creating an independent national authority that will be able to better manage the scarce water resources.

26. GEF funds in the amount of $3.4 million are being used for protection of marine ecosystems of the Red Sea and for a liquid gas substitution programme. A new programme is being developed to protect the unique biodiversity on Socotra.

Emerging area of concentration: disaster prevention and recovery

27. UNDP was assigned by the Government to play a central role in coordinating multilateral and some bilateral relief programmes, including programmes to mitigate the adverse effects of floods in Aden, a locust infestation and the armed conflict. Together with the United Nations Department of Humanitarian Affairs, UNDP took the lead in undertaking a needs assessment in the conflict-affected areas. It was also instrumental in formulating a $21.7 million Inter-Agency Consolidated Appeal for Emergency Humanitarian Assistance, $7.8 million of which has been raised thus far.

28. Special Programme Resources (SPR) have proven to be a flexible means for responding to immediate relief needs, enabling UNDP to act quickly in areas which demanded rapid reactions, such as the delivery of drinking water to the affected population in Aden, immediately after the armed conflict.

29. The most significant emergency project was for water supply and sanitation rehabilitation in the conflict-affected areas (YEM/94/011), which, with a budget of $4.2 million, aimed at addressing the immediate water needs of urban and rural communities, by restoring water supply and sanitation services. Thus far, $922,961 has been raised, in terms of cost-sharing from the Governments of Italy, Japan and the United Kingdom of Great Britain and Northern Ireland, in addition to IPF resources of $990,000. The Government expects that the IPF resources will be reimbursed from the bilateral and other sources, as a result of the funds mobilization campaign undertaken by UNDP and the Government. Another important project concentrates on rehabilitation of water tanks in Tawila, which protect Aden from flooding.

C. Overall country programme constraints

30. Many factors have hampered coherent and efficient involvement in the four areas of concentration, as well as in the management of the country programme. The following have affected formulation, implementation, management and monitoring of both individual projects and the programme as a whole:

(a) The absence of a national development plan in Yemen made it difficult to adopt a programme approach, and had an adverse impact on efforts to achieve an integrated package of projects;

(b) The instability in the country for an extended period of time, which affected government decision-making, had direct implications for the rational and timely selection, formulation and implementation of projects and programmes in the country programme;

(c) The significant decrease (30 per cent) in IPF resources, due to the IPF programming limitation, the redirection of almost $2 million in IPF resources to emergency programmes and of the borrowing of almost $2 million to cover commitments from the previous cycle meant that the needs as outlined in the country programme could not be fully met;

(d) Suspension and a sharp decrease of overseas development assistance to Yemen following the Gulf crisis led the Government to turn to the country programme to support a wider range of projects than originally foreseen, resulting in too many projects, scattered too widely. The restricted government capacity to manage aid exacerbated this situation;

(e) International consultants lacked a full understanding of Yemen's specific circumstances and needs when designing and formulating projects. At the same time, to reduce the cost of external expertise and provide additional funding for equipment purchases, the Government favoured United Nations Volunteers (UNVs). The Arabic language requirements, which limited the pool of talent available, and the mismatch between external expertise and project needs affected the quality of project implementation;

(f) The programme was paralysed by internal political tensions before the armed conflict, the evacuation of international staff for almost four months and the subsequent engagement of both the Government and UNDP with relief operations;

(g) Spreading resources too widely in the previous cycle resulted in the under-budgeting of projects, which, in turn, led to new phases of those same projects in the present cycle, in order to achieve results; consequently, some projects fell outside the priorities of the present country programme.

V. COUNTRY PROGRAMME MANAGEMENT

31. A good relationship between the Ministry of Planning and Development, especially its International Department, and the UNDP office helped both parties address the problems facing UNDP activities in Yemen. Coordination on programme

matters was close, and most recently encompassed the coordination of the multi- and bilateral aid. The joint field relief work of the Ministry of Planning and Development and UNDP during and after the armed conflict was outstanding, yet the situation was such that many of the issues raised in paragraph 30 above were difficult to control.

A. Project formulation

32. Project proposals were often submitted on an ad hoc basis, with little reference to the country programme. The reduction in official development assistance encouraged that trend. The programme approach, even on a pilot basis, was difficult to apply under the circumstances. In addition, the country programme document did not fully serve as a programming tool.

33. TSS-1 was used to initiate and undertake cross-sectoral, multi-agency substantive analytical work in environment/sustainable development, water resources management and vocational training. The process aimed at providing a basis for the programme approach, yet follow up was uneven.

34. TSS-2 was used as the prime modality for formulating projects. It was agreed during the mid-term review that, given the fact that the TSS-2 modality provides sufficient financial resources for thorough analysis, United Nations agency consultants should dedicate more time during their missions to fully grasp all the issues involved, including the low absorptive capacity of national institutions, thus ensuring high-quality documentation. Furthermore, in some ministries, there were frequent changes of key personnel, adversely affecting project formulation.

35. As noted in paragraph 30 (g) above, new phases of projects from previous country programmes (before unification) were submitted for extension. Approval for additional phases was granted when objectives remained to be achieved. Although the achievement of stated objectives was viewed as a valid reason for the extensions, it also revealed a lack of sustainability in UNDP projects.

B. Project implementation, management and monitoring

36. Thus far, implementation has been fairly slow, with extensive lead time required for the launching of project activities, after signature of the project document.

37. Project management has been generally weak in the absence of qualified, full-time national project directors (NPDs) and/or international chief technical advisors (CTAs). In view of the limited national management capacity, international experts for the CTA and other posts would support efforts to achieve programme objectives, pending the impact of capacity-building efforts.

38. The designation and remuneration of counterpart personnel, especially NPDs, has also been a lengthy process. Difficulties have been faced in matching the qualifications and skills of national counterparts to the requirements of projects, leading to concerns about project sustainability.

39. The importance of institutional frameworks in the smooth execution of projects was underestimated. In several cases, prerequisites stipulated in the signed project documents were not met, and the lead time for the commencement of project activities had to be extended. Similarly, delays in allocating sufficient financial and human resources during project implementation and government cash counterpart or cost-sharing contributions usually caused delays in the implementation of project activities.

40. The tripartite review mechanism should have been used more fully as a forum for the adjustment and synchronization of project activities, according to the changing situation and developments in project implementation. Better coordination between United Nations and other agencies would have led to more efficient execution of the projects in the country programme. Standards for the recruitment of consultants should be revised, as necessary, and adequate back-stopping and monitoring should be provided by experts or UNVs, depending on the level of expertise required. In addition, agency missions should be organized carefully, in order to best contribute to coordinated development efforts.

C. Expenditure analysis

41. On average, 46 per cent of the project budgets were spent on personnel, 16 per cent on subcontracts, 15 per cent on training, 15 per cent on equipment and 8 per cent to meet miscellaneous needs.

42. The breakdown of expenditures on personnel reveal that international personnel represented 70 per cent of the total component, while UNVs represented 15 per cent. The share of expenditures on national professionals was limited to 12 per cent. Some 3 per cent was allocated to administrative support. UNDP should encourage the use of national capacities whenever an acceptable level of national expertise exists.

43. The fellowships component (duration of more than three months) absorbed 58 per cent of the training budget, while the share of study tour/group training was 25 per cent, and in-country training accounted for 17 per cent. Experience shows that the Government, UNDP and executing agencies must pay more attention to choosing the right people for training. Only trainees who meet the required standards can fully benefit from training, which should result in their ability to transfer the knowledge and skills gained to other colleagues.

44. Procurement of equipment has been characterized by a large proportion of vehicle and computer delivery. A more cautious approach would be justifiable; generally, the low technical capacity in-country should be taken into account, in judging requests for the procurement of sophisticated computer equipment.

D. Current indicative planning figure framework

45. The original allocation of $42,590,000 was reduced in 1993 to $29,813,000. After taking into account the borrowing of $1,986,000, only $27,827,000 was available for the country programme, versus the $40,604,000 originally envisaged.

46. As of August 1995, commitments amounted to $22,440,000, and the estimated budget for hard pipeline projects was $3,101,600, totalling $25,541,600 in committed IPF resources. Consequently, only $2,285,400 was available for commitment during the period 1995-1996.

E. Resource mobilization

47. UNDP-funded missions to attract new aid funds achieved modest results. By the end of 1994 $876,951 was obtained from bilateral donors and the Government. However, with the introduction of larger-scale projects and the more effective role of UNDP in donor coordination, joint resource mobilization initiatives have brought significant cost-sharing contributions. In total, $3.8 million has been raised thus far, with the goal of mobilizing $2.3 million in the future. An additional $841,000 has been earmarked by IMF and the World Bank as parallel-financing.

48. In addition to the IPF resources, a total of almost $16 million has been channelled through UNDP-related funds (the United Nations Capital Development Fund (UNCDF), GEF and SPR).

VI. AID COORDINATION

49. Aid coordination was fairly weak at the beginning of the cycle. The systematic and coherent exchange of information and the coordination of priority areas between major donors was not undertaken. The low profile of UNDP in aid coordination was due in part to the small projects UNDP introduced at the beginning of the cycle, vis-à-vis larger interventions by bilateral donors, the World Bank and the International Fund for Agricultural Development.

50. At mid-term, the situation has changed considerably, with UNDP playing a more visible coordinating role, especially in water resources management and emergency programmes. The role of UNDP in coordination has been recognized by other donors, and at the end of 1994, UNDP took the initiative, with other major players, to help establish a systematic aid coordination framework. Working groups have been established for the following programming themes and sectors: environment, water resources, emergency assistance, private sector development, agriculture, women in development, health, nutrition, basic education, vocational training and the rehabilitation of the disabled. The first positive results have been appreciated by participating donor agencies. The role of the Resident Coordinator has been reinforced and may be strengthened further with more substantive support from the UNDP headquarters, in terms of a targeted financial and personnel support. As a temporary measure, the Government agreed to finance a UNV for aid coordination for one year from IPF resources.

VII. OTHER ISSUES OF CONCERN

A. National execution

51. Six approved projects are nationally executed, for a total IPF allocation of $2.1 million, representing 13.6 per cent of all approved IPF budgets.

52. The national execution modality has the full support of the Government and the country office. Its proper application will be assumed once the following conditions are met:

(a) Managerial and technical capacities in the Government are available to ensure that projects are executed in a timely and efficient manner;

(b) Guidelines for implementation of nationally-executed projects are finalized;

(c) UNDP and government staff are trained in management and financial accountability.

B. Successor arrangements for support costs

53. Experience with the new arrangements for support costs has been positive. TSS-1 has significant potential to enable interdisciplinary teams to undertake comprehensive assessments of particular themes or issues. However, from the practical point of view, TSS-1 has not yet been very successful. TSS-2, which was used for implementation and project formulation exercises, has proven to be a flexible and adequate source of funds. Similarly, administrative and operational services budgeting has worked well.

C. The programme approach

54. It was not possible to apply the programme approach as a delivery mechanism for technical cooperation in Yemen, during the period under review. Yemen faced serious political problems that almost paralysed the decision-making process in the Government, making it unfeasible to obtain political commitment for such an endeavour. Furthermore, for the successful application of the programme approach in Yemen, substantive training will be needed for both UNDP and relevant government personnel.

D. Women in development

55. The advancement of women, though considered a priority, suffered from lack of specificity in the country programme. However, during the course of the programme, several initiatives were undertaken. An analytical framework was devised for a national seminar, in preparation for the Fourth World Conference for Women, held in Beijing, China, in 1995. The resulting action plan represents a good foundation for a more coherent approach for the remainder of the cycle. The Government has given permanent status to the national committee

established for the Conference, women-in-development focal points have been created in different ministries and a network of women's NGOs is engaged in gender in development issues.

56. UNDP is now exploring with the United Nations Population Fund (UNFPA) the possibility of establishing a joint women-in-development programme, which would represent a major intervention in the area.

57. More specific and tangible targets should be incorporated in the new project documents, in order to ensure that gender in development is given its due attention and that women become direct beneficiaries of the projects.

E. Grass-roots and NGO involvement in poverty alleviation

58. Most priority areas in the country programme are upstream by nature, a focus that leaves little room for the operational involvement of NGOs or grass-roots participation. Nevertheless, macro-level interventions regarding macroeconomic, strategic planning or public sector reform issues will address poverty alleviation and approaches that involve civil society as a whole.

59. A strategy paper on NGOs in Yemen has been prepared, and SPR funds have been allocated for further development of the area. In order to review the current framework of NGOs operations in Yemen, UNDP, with co-financing from UNFPA and UNICEF, embarked on an analytical study, which will provide options for possible United Nations interventions.

60. UNDP is ready to play a more visible role in the area of poverty alleviation, and more could be achieved if the Government's decentralization programme is implemented. However, given the active role played by several international NGOs and some bilateral programmes, the question of the UNDP comparative advantage needs to be reviewed, in considering the nature of UNDP involvement.

F. United Nations Volunteers programme

61. The number of UNVs working in Yemen has decreased over the past five years. In 1990, there were 86 volunteers, 39 volunteers in 1992, and only 7 UNVs at present, although 35 additional UNV posts have been approved.

62. The UNV programme should continue to carefully match the qualifications and experience of UNV specialists against the requirements of posts, to ensure an effective UNV programme in Yemen. Moreover, the transfer of knowledge and skills to qualified national colleagues should continue to be emphasized. Consideration should be given to the possibility of establishing a national UNV scheme.

G. Technical cooperation among developing countries

63. The importance, relevance and cost-effectiveness of technical cooperation among developing countries (TCDC) activities is much appreciated by the national authorities, as evident from the deliberate use of the TCDC modality in substantive work, e.g., the appointment of experts, consultants, and UNV specialists from developing countries, and training, study tours and procurement of equipment from suppliers within the region.

64. Wider utilization of the TCDC modality is subject to the substantive training of both government and UNDP staff on the TCDC concept and its potential. A national TCDC workshop is in the planning stage.

VIII. UNITED NATIONS CAPITAL DEVELOPMENT FUND

65. Most UNCDF projects were formulated prior to unification, and thus exist in the north and south of the country. Their impact has been significant. UNCDF has made small loans to entrepreneurs, especially women, helped open up a mountainous region with agricultural potential through the construction of feeder roads; and enabled the children of 82 villages to attend school in 10 newly built schools. Fodder production for livestock was also a promising endeavour, before the site was affected by the 1994 armed conflict.

IX. RECOMMENDATIONS/ACTIONS

A. Areas of concentration

Strategic planning

66. Strategic planning for economic and social development of pipeline projects should be finalized.

67. Close coordination and cooperation between UNDP and the World Bank/IMF is desirable, so that the strategic planning initiatives are implemented in concert with stabilization and economic reform programmes.

68. The sub-area of improving the country's statistical capacity should be dropped, in view of the substantial improvements already made, and taking into account bilateral donors' increasing contributions to the sector.

Management development

69. Management development remains a government priority. UNDP and the Government should resume discussions on MDP and update and define a policy framework for future UNDP assistance.

Human development

70. UNDP should concentrate on employment generation, poverty alleviation and women in development for the remainder of the country programme, since they

constitute an integral part of the sustainable human development strategy and the 20/20 initiative.

Natural resources management

71. The ongoing projects, particularly in water resources, should continue. New projects should be developed using additional funding, e.g., GEF, especially to combat desertification.

Disaster prevention and recovery

72. UNDP and the Government should consider how relief inputs can best be structured to lay the foundation for subsequent rehabilitation, reconstruction and development activities.

73. A United Nations system-wide disaster management team and national disaster management mechanism should be established in Yemen, using SPR funds. This should be accompanied by the raising of awareness of the benefits of disaster preparedness.

B. Country programme management

Project formulation

74. A strong commitment to the terms of the country programme should be evident during programme/project identification and formulation, and the programme/project's contribution to the objectives of the country programme should be explicit.

75. The Joint Steering Committee should be reconstituted as a decision-making body, in order to review project proposals in light of the country programme, and other donor activities.

76. UNDP should ensure that project formulation missions devote adequate time to analysing the problems and establishing a clear institutional framework.

Project implementation, management and monitoring

77. The selection of NPDs should be a parallel process to that of the appraisal and approval of the project. Proper briefings for government officials acting as NPDs for new projects should be introduced as an integral feature of each project.

78. A full-time, national or international project manager, with appropriate authority, should be appointed to each project, in order to ensure effective project management.

79. Since national counterparts are the key to sustainability, their availability must be a precondition for the initiation of activities, and their qualifications should be assessed during the formulation of the project, as well as at the outset of the project.

80. National expertise and high-quality UNVs should be used whenever feasible, while national UNVs should also be considered.

Expenditure analysis and programme resources

81. Within each area of concentration, special emphasis should be given to employment generation, poverty alleviation and women in development for the remainder of the country programme.

82. An active resource mobilization campaign should be pursued, in order to attract additional funding from bilateral and trust fund sources. It is recognized that resource mobilization may be more successful if larger-scale projects or programmes are devised by the Government and UNDP.

83. Further utilization of GEF and other similar and bilateral funds should also be pursued, once the conventions on biodiversity and on combating desertification are ratified by Parliament.

84. More funds should be allocated to in-country training, in view of its cost-effectiveness.

85. Caution should be exercised in procuring vehicles and sophisticated equipment, in view of the low technical capacity of Yemeni institutions and overall budgetary constraints.

Aid coordination

86. UNDP headquarters should consider providing the country office with the necessary personnel (e.g., a full-time aid coordination assistant) and additional financial support, separate from IPF resources.

87. The mid-term review meeting endorsed the proposal of United Nations agencies not represented in Yemen to recruit and field Junior Professional Officers, in order to assist in programme development and implementation.

National execution

88. UNDP and the Government should finalize guidelines for national execution and arrange training for UNDP staff, their counterparts in the Ministry of Planning and Development and NPDs. United Nations agencies' experience in training for national execution should be taken into consideration along with lessons learned from the experiences of other countries with successful records of nationally-executed projects.

89. A national execution unit would be useful, in order to prepare financial reports and to train project personnel in other issues related to nationally-executed projects.

Programme approach

90. Initiatives aimed at introducing the programme approach in Yemen should be explored during the remainder of the country programme, in fields such as

privatization and the advancement of women. Training for government and UNDP staff should be envisaged.

Women in development

91. There is a need to agree on a specific programme/project of direct benefit to Yemeni women, especially rural women. A joint UNFPA/UNDP programme with participation of JCGP members might be one of the viable ways of developing a more meaningful and tangible UNDP involvement.

92. Gender issues should be integrated in all new project documents in a specific, quantifiable manner, in order to help to bring women into the mainstream of development. Criteria for success should be established in each project document.

93. A TSS-1 exercise should be considered focusing on employment generation, the incorporation of women into the labour market and self-employment for women.

United Nations Volunteers programme

94. More importance should be given to the assignment of qualified counterparts to work with UNVs, and the transfer of knowledge to national counterparts should be highlighted in all UNV assignments.

95. Consideration should be given to a possibility of establishing a national UNV scheme in Yemen.

United Nations Capital Development Fund

96. UNCDF and UNDP should consider how to work more closely in community development. UNCDF should expand its sources of support for technical cooperation.

Country strategy note

97. The Government has confirmed that it wishes to prepare a country strategy note.

Annex

FINANCIAL SUMMARY

I. RESOURCES

A. Resources available for country programme period

	$	$
IPF	27 827 000 a/	
Estimated cost-sharing	3 763 806	
Joint programme funding	-	
Total		31 590 806

B. Commitments

Approved programme/project budgets b/

Approved and allocated IPF	22 440 000	
Approved and unallocated IPF	-	
Subtotal		22 440 000
Approved and allocated cost-sharing	3 763 806	
Approved and unallocated cost-sharing	-	
Subtotal		3 763 806

Pipeline programmes/projects

IFP	3 101 600	
Cost-sharing	-	
Subtotal		3 101 600
Total		29 305 406

C. Balance of resources available for further programming

IPF	2 285 400
Cost-sharing	-
Balance of resources available	2 285 400 c/

a/ Compared to the $40,604,000 originally envisaged; the reduction results from the revision of IPF figures to 70 per cent of their originally established levels, as well as $1,986,000 of borrowing.

b/ "Approved and allocated" refer to those programmes and projects approved by the Action Committee or Bureau PAC for which there exist detailed, signed document and budgets. "Approved and unallocated" represent the balance of funds available to the programme or project which have yet to be reflected in specific budget lines.

c/ This figure represents the net balance of IPF and cost-sharing resources available plus joint programme funding less approved and allocated/unallocated IPF and cost-sharing funding less pipeline IPF and cost-sharing.

II. PROPOSED (P) AND ACTUAL (A) ALLOCATION OF RESOURCES BY AREA OF CONCENTRATION a/

(Thousands of dollars)

Areas of concentration	IPF		Cost-sharing		Total		Percentage of total	
	(P)	(A)	(P)	(A)	(P)	(A)	(P)	(A)
Strategic planning	7 927	3 019	-	-	7 927	3 019	20	9
Management development	7 927	1 953	-	206	7 927	2 159	20	7
Human development	7 927	2 698	-	-	7 927	2 698	20	9
Natural resource management	11 891	2 715	-	2 014	11 891	4 729	29	15
Emergency programme	-	1 610	-	898	-	2 508	-	8
Other projects	968	13 547	-	646	968	14 193	2	45
Unprogrammed reserve	3 964	2 285	-	-	3 964	2 285	9	7
Total	40 604	27 827	-	3 764	40 604	31 591	100	100

a/ Taking into account the 30 per cent reduction of IPF for the fifth cycle.

III. ESTIMATED COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES a/

(Thousands of dollars)

	At time of formulation of country programme	At time of mid-term review
UNDP-administered funds		
United Nations Capital Development Fund	50	11 470
Global Environment Facility	-	3 590
Special Programme Resources	420	720
LDC	180	140
Energy Account	200	60
FSTD	140	20
Other United Nations resources		
Department of Humanitarian Affairs	-	200
Non-United Nations resources		
International Monetary Fund/International Bank for Reconstruction and Development	-	841
Emergency assistance following the armed conflict	-	5 408
Total	990	22 449

a/ Excluding resources which were accounted for as cost-sharing or IPF funds.

UNITED NATIONS

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UNDP: COUNTRY PROGRAMMES AND RELATED MATTERS

Mid-term review of the fifth country programme for Brazil

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I. THE MID-TERM REVIEW PROCESS

1. The mid-term review of the fifth country programme for Brazil, for the period 1992-1996, was carried out with the participation of a team of consultants recruited by the country office. A series of systematic consultations were undertaken by the country office, with national authorities, project counterparts and staff, and representatives of United Nations agencies or programmes operating in the country.

2. Comprehensive briefing papers relating to the programme as a whole and to particular projects were examined during the review, which concentrated on a representative selection of the 24 (out of 102) projects to which 90 per cent of the current programme budget is allocated.

3. The first years of the fifth country programme coincided with a period of deteriorating economic and social conditions, compounded by an abrupt crisis in governance and the end of the former regime. While social problems, economic disparities and institutional inefficiencies persist, substantial macroeconomic improvements have occurred since that time: inflation appears to have been brought under control; growth and investment (including foreign investment) have resumed; and basic policies regarding the liberalization of the economy, trade and environmental management have been put into place. The recent elections for the presidency, Parliament and state governments were not only remarkably peaceful and democratic, but - most importantly - induced the country to articulate its objectives and to openly address basic, long-term issues relating to society, economic structures and political processes, generating a mood of optimism and renewed confidence in the future. In such a context, the present programme review represents a particularly significant challenge, which will facilitate joint reflection by UNDP and the new Government on the ways in which UNDP might best support the country's future development efforts for the remainder of the programme cycle.

4. In the context of the development framework of the new Government, the role of UNDP has become better defined. During the present period of close examination of governance and national policy, UNDP resources, neutrality and access to technical expertise can make an effective contribution in support of the development and establishment of the policy-making processes and operational responsibilities of Brazilian institutions. Such policy support is particularly important in the present period of transition, when the State is in the process of defining new patterns of participatory, democratic governance, and is adjusting to new regulatory and supervisory functions, in the context of a liberalized, market-oriented model of economy.

II. PROGRAMME ACHIEVEMENTS

A. Overview

5. The main areas of concentration around which the country programme was constructed remain as relevant at mid-term as they were when the programme document (DP/CP/BRA/NOTE/5 of 12 March 1992) was formulated. Based on current

indications with regard to the policies of the new Government, it is likely that particular importance will be attached to the social sector, especially health and education, and to modernization of the State. The areas of environment and development, modernization of the productive sector and science and technology also retain their significance.

6. As the fifth country programme progressed, conceptions of the areas of concentration changed somewhat, and there were significant shifts in the allocation of resources, primarily from the area of modernization of the productive sector to the other programme areas. The concept of environment and development was redefined to include sustainable human development. Modernization of the State, an area which gained considerable importance, with commensurate growth in its percentage share of the programme, was restructured to consist primarily of support to policy-making processes and governance. Activities relating to industry and the productive sector were included under the areas of concentration of environment and development and education, science and technology. Major integrated development projects, such as the two large projects in Mato Grosso and Rondônia, fall under the area of health and social development, but contain a substantial environmental component.

7. Taking into account the intersectoral nature of development efforts, the programme has proved flexible enough to respond to new demands, generally in conjunction with substantial amounts of cost-sharing. It is expected that during the remaining years of the cycle, the programme will remain flexible enough to respond to the policy orientations which may be adopted by the new Government. In that connection, cost-sharing will be important, and efforts should be made to ensure that the programme is not excessively supply-driven.

B. Performance in particular areas of concentration

Environment and development

8. Following the major contribution made by the UNDP country office in the preparations for the United Nations Conference on Environment and Development, and in line with a conception of sustainable development that takes into account both social and ecological postulates, indicative planning figure (IPF), cost-sharing, Capacity 21 and Global Environment Facility (GEF) resources were targeted at:

(a) Assistance to the Government in the formulation of a national environmental plan;

(b) Institutional and policy support to the newly established Ministry of the Environment and Inter-Ministerial Commission for Sustainable Development, including support for Brazil to assume its international commitments in the field of environment;

(c) A series of focused projects in environmentally vulnerable areas such as Amazonia (the innovative integrated development projects mentioned in paragraph 6 above and sustainable development projects with a participatory

approach), forestry in the north-eastern region of the country, flood control in Rio de Janeiro and the de-pollution of the Guanabara area;

(d) Control of industrial pollution through a large cost-sharing project with the National Environmental Management Institute, and support for the implementation of environmental accords (e.g., the Montreal Protocol);

(e) The development of technology (e.g., the innovative development of a gas turbine, using biomass resources, and a series of related projects listed under other programme areas).

9. It was generally agreed that a multifaceted approach to the area of environment and development corresponded to the country's needs and to the complex nature of its development processes. Programme activities had been successful, on the whole, and environment and development should continue to receive priority attention through the country programme. GEF has assessed the technical, financial and commercial feasibility of new technology for energy development from biomass resources. As the result of the GEF assessment, between $70 and $100 million from GEF, the Government and the private sector are being mobilized for the commercial-scale demonstration of this new technology in the north-east of Brazil. In addition, significant resources from GEF have been allocated for the development of projects for the protection and sustainable use of biodiverse wetland ecosystems and further funding will be sought to support the sustainable management of natural resources in the semi-arid north-east. There was general agreement that environment and development had been one of the most successful, high-impact areas of concentration in the country programme.

Health and social development

10. This area of concentration is certain to remain a priority of the country programme. A number of projects in the area, such as support for the programme for the prevention of acquired immune deficiency syndrome (AIDS) and the project for the control of major endemic diseases and the improvement of sanitary conditions, are not only efficient, but are models of a new, decentralized approach to governance, which emphasizes action, along with the requisite capacity- and institution-building, at state and municipal levels. Major importance also is attached to a project with the Ministry of Labour, which actively promoted the introduction of collective-bargaining, and which aims at developing methods to cope with employment problems as well as country-specific aspects of labour negotiation. In two new projects to promote sustainable development in Amazonia through a participatory approach, one on the environmentally sustainable extraction of mineral and rubber reserves and the other linked to the pilot programme for tropical forests, the emphasis is not only on environment, but on income generation as well, with a high social return.

Education, science and technology

11. A variety of successful science and technology projects, including some concerning the environment and the modernization of the productive sector, are listed under this area of concentration, where UNDP has a clear comparative advantage vis-à-vis bilateral cooperation, because of its ability to provide

access to advanced technologies. Examples include a project in the telecommunications sector, with substantial national cost-sharing, which represents a new phase in a series of projects from previous cycles, and two large, nationally cost-shared projects for the development of software exports and energy conservation.

12. In contrast to the vital science and technology portfolio, however, this area of concentration includes few activities related to education. A large education project in the north-east, with cost-sharing derived from a World Bank loan, is currently under negotiation, and determined efforts will be made to reinforce education activities in the country programme, possibly by providing technical support to the Government, at the national and state levels, for the restructuring of the education system, as well as for the negotiation of external loans for projects in the area of education. The Government views the education system at all levels as a priority target of national policy efforts, of critical importance for the country's social and economic development.

Modernization of the productive sector

13. In this programme area, the focus has been on sustainable rural development, in terms of agricultural technology and cooperative institutions or practices. Important results have been achieved in projects in this area of concentration, such as in the rural cooperatives and associations project with the Banco do Nordeste (Bank of the North-east), which helps small-scale rural producers to obtain credit and manage their associative organizations efficiently, to improve their production and income.

Modernization of the State

14. This area of concentration is emerging as one of the most critical and dynamic sectors of UNDP activities in Brazil. A highly successful project with the Superior Electoral Tribunal, as well as some of the more targeted projects with the Ministry of Planning, including activities during the transition period, before the new Government took office, and on key external issues such as regional integration, are cases in point. In addition, programme cooperation has been extended to tax reform, and an innovative project for the modernization of Ceará State, which is part of a decentralization process being undertaken by the Government.

15. New approaches to governance figure prominently among the priority objectives of the society. The goals of the new Government include profound institutional reform, a re-thinking and restructuring of the relations between state and civil society, new regulatory and supervisory roles (including a new vision of federal planning), the development of federalist concepts and, in particular, the strengthening of municipal institutions as a foundation of participatory democracy. It is clear that the reforms envisaged concern not only the central political functions of the State, but all aspects of national life - the social system, including health, education and culture; the economy, including tax and budget reforms and privatization; environmentally sustainable development; the justice system; and the participation of civil society, including at the community level - all areas in which UNDP, with its access to a broad range of expertise and technology, can make a significant contribution.

C. Sustainable human development

16. The concept of sustainable human development occupies a central place in the fifth country programme and is integrated into all of its areas of concentration. Some of the largest projects in the country programme are related to health and the social sector and have a direct impact on poverty. Programme activities related to the environment - policy development, the management of natural resources and activities in particularly vulnerable areas such as Amazonia, the north-east and major urban areas - have important social connotations. The concept of sustainable human development permeates the integrated development projects in Mato Grosso and Rondônia, with their interrelated health, education, agricultural production, employment and environmental components. Employment and income generation, an area of major social concern, is also one of the objectives of projects in the areas of science and technology and the modernization of the productive sector, supporting the concept that development efforts must address not only the effects of poverty as revealed in the social sector but the causes of poverty as well. Moreover, gender equality has gained importance, with UNDP support to the national preparations for the Fourth World Conference on Women, held in Beijing, China, in 1995. A special United Nations Development Fund for Women (UNIFEM) unit in the UNDP country office has played an essential and highly dynamic role in coordinating and orchestrating United Nations system-wide action in Brazil, as well as in stimulating and providing support for the implementation of existing national policies related to gender equality and new policy formulation.

17. As part of the country programme, a country-specific Human Development Report is being prepared. The report will provide essential inputs for the formulation of national policies and serve as a basis for future UNDP programme action.

III. PROGRAMME MANAGEMENT

A. Management tools

18. UNDP and the Government have several basic tools by which they can help to shape the country programme, including project identification and preparation, and monitoring and supervision, once project implementation has begun. At the project preparation stage, short but clear documents are designed, with provisions for agreed annual work programmes, with clear outputs. Increasingly, the UNDP country office has requested preparatory assistance before definitively formulating projects. In addition, for new projects, pre-Project Appraisal Committee (PAC) and PAC meetings are organized systematically.

19. Regarding cost-sharing derived from World Bank loans or other sources, the UNDP policy is selective, depending on an assessment of the viability of the project. In several instances, UNDP refused to enter into projects when unsatisfied with regard to their viability, especially in terms of orientation and execution. There is now agreement in central Brazilian coordination organs, such as the State Secretariat for International Affairs in the Ministry of Planning, and among World Bank staff that UNDP is a valuable partner to be

consulted in the formulation of projects with external financing from international financial institutions, whenever they contain major development cooperation components likely to involve UNDP.

20. During the lifetime of UNDP projects, supervision involves monitoring and, increasingly, ex post facto oversight, through tripartite reviews, internal or external evaluations (at least once during the lifetime of projects in excess of $1 million) and auditing. A major effort is being made to improve the capacity of project staff and counterparts in internal monitoring, evaluation and auditing, an effort which will be intensified in the context of a future decentralization policy.

21. While traditional, input-focused (or linear input-output) auditing methods retain their importance, it is essential to evaluate the actual impact of UNDP activities. While it may not always be easy, in practical terms, including the relatively short time-frame of UNDP programmes, to establish clear causal links and specific indicators of success or failure, it should be possible to establish significant correlations from which impact may be inferred.

22. The country office has launched several initiatives which constitute new management tools to achieve effective cooperation for development. Out of 100 ongoing projects in the country programme, priority is given to the 24 largest projects, which accounted for 90 per cent of expenditures in 1994, a doubling of programme expenditures for the second consecutive year to almost $90 million. In addition, a closer partnership between government and UNDP staff in project formulation (see paras. 33-36 on national participation below) and the reorganization of the country office, through the introduction of new human resources management practices, automation systems and other procedures, have contributed to more effective cooperation.

B. Cost-sharing

23. Experience in the current programming cycle confirms that, in order to be relevant at the level of policy making and at the same time achieve a measurable impact, UNDP activities must transcend the modest IPF resources allocated to the country programme. This was the case for most of the 24 high-priority projects discussed in paragraph 22 above, where more limited action would not have done justice to the magnitude and complexity of the problems faced by Brazilian project counterparts, problems which require not just traditional technical cooperation for the production of technical studies and papers, but a full commitment to the success of the development effort as a whole. It was thus essential to rely on substantial cost-sharing for a number of projects, including support for the programme for the prevention of AIDS, the project to support the development of software technology for export, and the two projects on social development and the environment in Mato Grosso and Rondônia. At the end of 1994, cost-sharing amounted to over $236 million, as compared to a core IPF of little more than $10 million. In many instances, however, small IPF inputs, often in the form of preparatory assistance, helped to mobilize and were ultimately combined with substantial cost-sharing contributions.

24. Project design in most of the large cost-sharing projects provides for very concrete, specific objectives, generally with substantive UNDP inputs, and project execution is effectively monitored and supervised by UNDP, such as in the project to support the AIDS prevention programme and the project for the control of major endemic diseases and the improvement of sanitary conditions, both of which involve co-financing from World Bank loans, and projects with cost-sharing from Brazilian sources, such as the electoral justice project, with the Superior Electoral Tribunal; the telecommunications project, with Telebras, the Brazilian telecommunications company; and a project on software exports, one of several projects with the National Research Council. In a few cases, where project design and execution are clearly inadequate, the country office is acting to change the situation, such as in a health services project in the north-east, in which assistance is used primarily to provide institutional support for the Ministry of Health, where an independent evaluation will soon be conducted.

25. More than half of the cost-sharing in the current country programme is derived from the proceeds of World Bank loans; beyond this, important projects in the area of environment are supported by GEF, a fund managed jointly by the World Bank, UNDP and United Nations Environment Programme. It is hoped that UNDP assistance may help to improve both the design and the implementation of World Bank loans. In addition, the country office holds the view that projects involving World Bank funding should always be associated with substantive inputs from UNDP, which also should participate in the project in an effective supervisory role, in favour of sustainable human development.

26. Before assuming responsibility under cost-sharing arrangements for the technical cooperation component of the two important Amazonian development projects financed by the World Bank in Mato Grosso and in Rondônia, both with a significant sustainable development dimension, UNDP evaluated the strategies, methodological approaches and feasibility of the projects. The evaluation involved consultations not only with state authorities, but also with non-governmental organizations, civil society and municipal-level community institutions. More recently, the country office has taken the position that its participation through cost-sharing arrangements in a major World Bank education project would be justified only if UNDP had a voice in the dialogue on policy matters and could play a substantive and supervisory role in the context of its development cooperation responsibilities.

27. The Brazilian authorities consulted during the mid-term review considered that UNDP programme activities should be used increasingly for building Brazilian capacity to assume a more substantive role in the identification, formulation and evaluation of World Bank and other externally financed projects, as well as in their subsequent monitoring and supervision, especially at a time when the World Bank itself seeks to contain its administrative budget. UNDP support for the project formulation stage might take the form of preparatory assistance, reimbursable from the proceeds of the eventual loans. In any event, UNDP should be invited to participate at an early stage in the formulation of World Bank and other external grant- or loan-financed projects that involve a technical cooperation component. Thus, it is expected that the partnership between the World Bank and the UNDP country programme in Brazil will become even

closer in coming years, and that it will also extend to the Inter-American Development Bank.

28. Delivery rates for the fifth country programme as a whole have been in the 75 per cent range (67 per cent for the 24 largest projects), with small annual variations and variations among projects. There have been instances of substantial over-delivery (in the AIDS prevention project and the national environmental programme), as well as instances of under-delivery (in the projects for the development of labour policies and education in the north-east), attributable mainly to delays in the payment of cost-sharing funds. The overall high delivery rate reflects both effective execution and programme back-stopping, as well as effective planning, as reflected in realistic project design and work programmes.

C. Managerial and operational sustainability

29. The prevalence of large projects and the general reliance on national execution and substantial amounts of cost-sharing requires a major managerial effort on the part of the UNDP country office. While the UNDP-supported Programme Support Unit of the Brazilian Cooperation Agency has been able to handle, on behalf of the Government, much of the central administration of nationally executed projects of small and medium size, there is clearly a need to decentralize the administrative back-stopping of large projects, by requiring the project, with the help of competent staff, to assume primary responsibility for project administration, subject only to supervision (generally on an ex post facto basis) by the UNDP country office.

30. With regard to substantive back-stopping, the technical capacity of the UNDP country office and the Brazilian Cooperation Agency is by necessity limited, and indeed often insufficient, where UNDP participation in large cost-sharing projects goes beyond simple administration and involves professional inputs and a supervisory or monitoring role. The country office considers that, as part of a decentralization strategy, evaluation functions should increasingly be supported by the use of high-level external consultants, generally on a short-term basis, for the larger, more complex projects. UNDP and the Brazilian Cooperation Agency also should call on such qualified institutions as the Institute for Economic and Social Research, whose current networking policy would ensure access to a variety of institutions in other sectors, or on qualified research organizations, to assist in the substantive management or back-stopping of programme activities.

D. Technical cooperation among developing countries

31. Brazil continues to operate a substantial programme of technical cooperation with other developing countries, with particular emphasis on countries in Africa, especially, but not exclusively, Portuguese-speaking countries, as well as countries in the Southern Cone Common Market (MERCOSUL) and Central America. It expects to play a major role in the future Lusophone Community. As applied to the fifth country programme, this concept of geographic concentration seems adequate.

32. The UNDP/Government of Brazil programme and Brazilian external cooperation have played an interdependent role in such areas as agricultural technology (semi-arid and humid tropics) and in the agro-industrial sector. In a different mode, the important role of Brazilian electoral observers in the recent elections in Mozambique represented a contribution not unrelated to the large UNDP project for the modernization of the Brazilian electoral system, as does the UNDP/Telebras telecommunication project, which has sponsored many technical cooperation among developing countries (TCDC) activities.

E. National participation

33. UNDP attaches major importance to the level of national participation in the country programme. National participation, which marks a basic difference between the conception of development as assistance and a development-oriented concept of technical cooperation, has three principal dimensions: first, the coordinating role of the Government; second, the practice of national execution; and third, the use of national experts and consultants.

34. The Government of Brazil traditionally has played a firm coordinating role with regard to all external technical cooperation; at present, the central coordinating body is the Brazilian Cooperation Agency and its Administrative Support Unit, operating in the Ministry of Foreign Affairs, under the policy responsibility of the Scientific and Technical Cooperation Department. This arrangement - and the close cooperation with the UNDP country office - continues to function satisfactorily. Nevertheless, it is generally felt that to design and manage external technical cooperation with a programme perspective, and to exercise real control over large, nationally executed UNDP projects, the Brazilian Cooperation Agency would need to be further strengthened. This might best be achieved by closer institutional links with government research groups, such as the Institute for Economic and Social Research, in the Ministry of Planning. Where technical cooperation components of World Bank, GEF or other external projects are concerned, the Brazilian Cooperation Agency and UNDP should, as noted above, participate in project formulation, negotiation and supervision, together with the State Secretariat for International Affairs, also in the Ministry of Planning. The UNDP country office is in the process of concluding an agreement with the Institute for Economic and Social Research, under which professional staff of the Centre for Economic and Social Development, the Institute's training centre, will act as facilitators for potential counterparts in project formulation; in the future, this collaboration could be extended to the monitoring and evaluation of country programme activities, especially in major cost-sharing projects.

35. Most of the projects in the fifth country programme are now nationally executed. This level of responsibility and accountability serves to build the capacity of national counterparts to manage large projects and their external cooperation components.

36. At present, an overwhelming majority of the experts and consultants employed under the country programme are Brazilian nationals, which serves to build national capacity, as long as UNDP contracts are not used to pay, over a

prolonged period of time, the salaries of experts exercising national civil service functions.

F. Cooperation with United Nations agencies

37. While the transition to national project execution is still a matter of concern to some of the United Nations agencies, other forms of cooperation are developing, such as specific consultations at the project formulation stage, and cooperation agreements, in the context of project implementation. Beyond this, inter-agency relations in the field remain quite close. A good example is the inter-agency task force established by the UNIFEM representative, in preparation for the International Conference on Population and Development, held in Cairo, Egypt, in 1994, and the Fourth World Conference on Women, held in Beijing, China, in 1995. In that perspective, there is general agreement that the role of the Resident Representative as coordinator of United Nations agencies, which, in turn, must be backed by the coordination at the level of the Government, is an important element of inter-agency relations. The objectives should be greater transparency among agencies, a practice of mutual consultation, and a substantive, thematically focused inter-agency dialogue, rather than simply a succession of routine meetings.

IV. CONCLUSIONS AND RECOMMENDATIONS

38. By mid-term, the fifth country programme for Brazil has proven to be successful in terms of relevance, impact and efficiency, due to a large extent to a development-oriented concept of technical cooperation and to the firm handling of cost-sharing. In that regard, the emphasis on the 24 largest projects, including tighter financial management, the reorganization of the country office and the institution of a new project formulation process were important initiatives.

39. A few basic suggestions relating to planning and management may be retained for the future.

40. It is important to continue the current efforts to decentralize the administrative and substantive management of large projects, relying essentially on ex post facto supervision and on external consultants to assist project staff, generally on a short-term basis, while maintaining or strengthening accountability where necessary. This will, in projects involving cost-sharing derived from World Bank or other external development lending, call for a parallel effort to simplify, on a pragmatic basis, the complex and highly centralized management style typical of international financial institutions.

41. UNDP should participate at an early stage in the formulation, evaluation and negotiation of World Bank, GEF and other externally financed development projects likely to involve a technical cooperation component; to that end, UNDP might provide preparatory assistance, whenever possible, on a reimbursable basis.

42. UNDP and the Brazilian Cooperation Agency should rely increasingly on institutions such as the Institute for Economic and Social Research in the Ministry of Planning, and its equivalent in sectoral ministries, to assist in project development, monitoring and supervision.

43. For purposes of future programme planning and as a basis for continued programme monitoring and management, UNDP should adopt a matrix approach along with more effective programming tools (e.g., a set of criteria for project identification, appraisal and approval).

44. With regard to substance, the emphasis in the remaining years of the programming cycle should continue to be on projects related to governance (including support for public policy that addresses the most pressing needs of vulnerable groups, while supporting long-term planning), the social sector and environmentally sustainable development (with special reference to vulnerable areas, including major urban centres). Increased attention should be given to the education sector.

Annex

FINANCIAL SUMMARY

I. RESOURCES

A. Resources available for country programme period

	$	$
IPF	10 043 000 a/	
Estimated cost-sharing	399 403 000	
Total		409 446 000

B. Commitments

Approved programme/project budgets b/

Approved and allocated IPF	6 046 000	
Approved and unallocated IPF	-	
Subtotal		6 046 000
Approved and allocated cost-sharing	236 234 000	
Approved and unallocated cost-sharing	-	
Subtotal		236 234 000

Pipeline programme/projects

IPF	3 584 000	
Cost-sharing	163 169 000	
Subtotal		166 753 000
Total		409 033 000

C. Balance of resources available for further programming

IPF	413 000
Cost-sharing	-
Balance of resources available	413 000 c/

(Footnotes on following page)

(Footnotes to table)

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a/ Takes into account carry-over of $115,000 from the fourth cycle and the 30 per cent reduction of the $14,180,000 IPF originally anticipated for the fifth cycle.

b/ "Approved and allocated" refer to those programmes and projects approved by the Action Committee or Bureau PAC for which there exist detailed, signed documents and budgets. "Approved and unallocated" represent the balance of funds available to the programme or project which have yet to be reflected in specific budget lines.

c/ This figure represents the net balance of IPF and cost-sharing resources available plus joint programme funding less approved and allocated/unallocated IPF and cost-sharing funding less pipeline IPF and cost-sharing.

II. PROPOSED AND ACTUAL ALLOCATIONS OF RESOURCES BY AREA OF CONCENTRATION a/

(Thousands of dollars)

Area of concentration	IPF		Cost-sharing		Total		Percentage of total	
	(P)	(A)	(P)	(A)	(P)	(A)	(P)	(A)
Education, science and technology	860	2 870	65 801	75 707	66 661	78 577	26	19
Modernization of the productive sector	1 565	-	38 705	10 117	40 270	10 117	16	3
Environment and natural resource management	1 589	589	31 134	51 591	32 723	52 180	13	13
Health and social development	1 150	171	55 180	62 738	56 330	62 909	22	15
Modernization of the State	3 760	1 646	15 250	36 348	19 010	37 994	8	9
Other	259	4 354	31 456	162 902	31 715	167 256	13	41
Unprogrammed resources	5 000	413	-	-	5 000	413	2	-
Total	14 183	10 043	237 526	399 403	251 709	409 446	100	100

a/ Taking into account the 30 per cent reduction of IPF for the fifth cycle.

III. ESTIMATED COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES

	At the time of formulation of country programme	At time of mid-term review
UNDP-administered funds	2 000 000	1 349 000
Other United Nations resources	165 000 000	87 460 000
Total	167 000 000	88 809 000

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Mid-term review of the fifth country programme for Romania

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I. MID-TERM REVIEW PROCESS

1. The mid-term review of the fifth country programme for Romania (DP/CP/ROM/5), for the period 1993-1996, examined achievements thus far and considered various aspects which had hindered or might in the future hinder the progress of programme implementation, impact and sustainability. In preparation for the review, a team of representatives from the Government and the UNDP country office prepared the joint issues paper, which was discussed in depth during the review meeting, with the participation of representatives of various ministries and organizations involved in programme implementation. The month-long review culminated in a joint UNDP/Government meeting on 20 April 1995. Concrete suggestions and recommendations were made, on aspects ranging from policy to managerial and operational issues.

2. The joint issues paper emphasized three important issues: (a) the socio-economic environment and national development goals as the general framework for programme implementation, including changes and achievements since the programme's inception; (b) the relevance of the fifth country programme, in light of priorities prevailing at its approval and of subsequent socio-economic developments; and (c) prospective implementation of the country programme, with attention to the relevant concerns and issues of the Government and the UNDP Executive Board.

II. THE FIFTH COUNTRY PROGRAMME BACKGROUND

3. At the mid-term review meeting, the participants reviewed the national development goals and priorities, as reflected in the programme document and further elaborated in February 1993 in the Government's strategy for its programme for economic and social reform. The Government's strategy has remained unchanged since the inception of the country programme. Despite unavoidable difficulties specific to the transition period and some delays in implementation, the general orientation of the transition from a centrally planned economy to a market economy has been steadily maintained.

4. At the core of the transition to a market economy are human resources development, privatization, the structural reform of various aspects of the economic sectors, particularly in industry, environmental protection and the establishment of social safety nets for the most vulnerable groups of the population.

5. During the last three years, major policy measures have been undertaken, in the areas of legislation, budgeting, monetary regulations, foreign trade, social security, health and education, in particular, leading to significant socio-economic changes in the lives of the Romanian people. Within that context, the mid-term review focused on the application of new laws and regulations on privatization, the foreign exchange mechanism, income taxation, the stimulation of foreign investments, the facilitation of export activities, the introduction of a value added tax, and the improvement of management techniques.

6. As a result of the policy measures discussed in paragraph 5 above, in cooperation with the International Monetary Fund (IMF) and the World Bank, within the framework of the macroeconomic stabilization programme, significant results have already been achieved, including the establishment of a firm monetary and budget policy, the reduction of the trade balance deficit and the liberalization of the foreign exchange mechanism. More specifically:

(a) A sharp drop in the gross domestic product was halted and replaced by a modest increase of 1.3 per cent in 1993 and 3.4 per cent in 1994;

(b) Industrial output increased by 1.3 per cent in 1993 and 3.7 per cent in 1994;

(c) After a dramatic decrease during the period 1990-1991, agricultural output increased by 12.8 per cent in 1993 and 5 per cent in 1994, re-establishing Romania's self-sufficiency in food production;

(d) Noteworthy progress has been made in the area of exports, which increased by 12 per cent in 1993 and 28 per cent in 1994, out of which 42 per cent of exports were to countries in the European Union.

7. At the same time, the monthly inflation rate decreased from 12.6 per cent in 1993 to 4.1 per cent in 1994. The foreign trade balance deficit of previous years ($662 million in 1993 was replaced by a surplus of $190 million in 1994, and the budget deficit was reduced to 3.5 per cent of the gross national product (GNP) in 1993 and to less than 3 per cent of GNP in 1994. Furthermore, the national currency has been stabilized and foreign currency exchange mechanisms have been liberalized, resulting in a foreign currency reserve of some $2 billion in 1994, compared with $800 million in 1993.

8. Participants in the mid-term review affirmed that positive developments are expected in the future, with respect to all of the indicators discussed in paragraphs 6 and 7 above.

9. From discussions during the mid-term review, it became evident that progress has been made in the area of democracy and human rights. The multi-party democratic system established by the 1991 Constitution functions satisfactorily, and important achievements have been recorded in the area of human rights. The Convention for the Protection of Human Rights and Freedoms, also known as the European Convention on Human Rights, has been signed and ratified.

10. Substantial progress also has been achieved with respect to the integration of Romania into the European economic and political structure. In September 1993, Romania joined the Council of Europe, and on 31 December 1994, it entered into an association agreement with the European Union, which came into effect on 1 February 1995.

11. Despite the above-mentioned promising achievements, Romania continues to face many difficulties. The unemployment rate rose to 12 per cent in early 1995, and foreign investments have been limited. Moreover, during the transition period, it has not been possible to avoid the deterioration of social

services, particularly health services, and the impoverishment of a significant part of the population. Those difficulties have been amplified severely by the economic problems caused by the implementation of the United Nations Security Council resolutions imposing sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro). The UNDP country office has cooperated with the Romanian authorities to determine the magnitude of the losses suffered by Romania, as a consequence of the sanctions.

12. In addition, the limited number of enterprises privatized so far, approximately 1,000, most of them small- and medium-scale enterprises, out of more than 7,000 State-owned commercial companies, reveal delays in mass privatization.

13. Generally, however, participants in the mid-term meeting concluded that the development of Romania during the last three years revealed significant socio-economic improvements, as well as progress in the area of democracy, the country now being recognized as a component of stability in a troubled geographic area.

III. RELEVANCE OF THE COUNTRY PROGRAMME

14. As stated in paragraph 3 above, the national goals and priorities included in the Government's programme for economic and social reform and the fifth country programme remain valid. Consequently, at the mid-term review meeting, it was estimated that the fifth country programme, as originally formulated, continued to respond well to the present and emerging national priorities of Romania. It was underlined that the three areas of concentration in the country programme - human resource development, privatization and environmental protection and energy conservation - continued to be fully relevant for Romania, playing a catalytic role for complementary activities in the areas of other donors, during the present period of transition.

IV. PROGRAMME IMPLEMENTATION ACHIEVEMENTS

A. Human resources development

15. As stated in the country programme and reconfirmed during the mid-term review meeting, Romania has many well-trained technicians and engineers, in a variety of sectors. However, the country still lacks managers familiar with the modern management techniques required in a market-oriented economy. In the opinion of most of the participants in the meeting, such deficit must be addressed urgently, since well-trained managers were needed for the approximately 500,000 small- and medium-scale private enterprises set up since 1989. In addition, as a result of the expected acceleration of mass privatization, newly privatized companies will require managers fully familiar with up-to-date management techniques.

16. In this connection, it was noted that the projects for the improvement of the Romanian Management Training Institute (ROM/90/001) and the transfer of knowledge through expatriate nationals (ROM/91/004) had been designed to address

the need for enhanced economic management skills in the productive sector. Results achieved thus far in the first project have proven the relevance of its objectives and design. Within the framework of the project, in 1992, 1993 and 1994, over 3,500 managers of existing enterprises were retrained each year to acquire the skills required in a market economy. Moreover, the enhancement of the qualifications of the faculty at the Romanian Management Training Institute has been achieved through the recruitment of new professors, along with a transfer of knowledge and skills organized through cooperation arrangements with foreign business schools.

17. In order to increase product acceptability in Western markets, as well as to gain increased access to the same, the need to address the crucial issue of improving the quality of Romanian industrial products has led to the design and approval of a project to assist in the implementation of quality assurance practices in the Romanian economy (ROM/94/001) with cost-sharing with the Government of France. The project has two main objectives: (a) the training of a pre-selected group of Romanian quality assurance auditors, who will participate in training courses and conduct audits in enterprises side by side with experienced French quality auditors, and (b) the training of Romanian future trainers through their participation in a six-module course in the field of quality assurance. All of the project activities are being conducted by French consultants. At the mid-term review meeting, it was noted that the project makes a direct contribution to the practical restructuring of Romanian commercial enterprises, enhancing their efficiency and competitiveness.

B. Privatization

18. It was agreed that privatization of State-owned enterprises and the development of small- and medium-scale private enterprises represent key elements in the government strategy for the transition to a market economy. The contribution of the private sector to GNP formation is growing, already representing 35 per cent of its total. Therefore, privatization represents a prominent feature of the present country programme. The project to assist the National Agency for Privatization in setting up the privatization and restructuring process (ROM/91/006) and the project for the promotion of small- and medium-scale private enterprises (ROM/90/002), which together have been allotted more than one third of the UNDP financial resources for the country, address crucial problems of the complex privatization process in Romania at two levels: (a) the national institutional framework and mechanisms necessary to carry out the Government's mass privatization programme, and (b) the necessary support to the emerging and most rapidly growing sector of the economy, i.e., private enterprises.

19. In the above context, assistance to the National Agency for Privatization (ROM/91/006) has made a significant contribution to the establishment of the legal and institutional mechanisms for mass privatization. Assistance was provided for the creation of a State Ownership Fund and five Private Ownership Funds, to which the assets of all Romanian state-owned commercial companies were then transferred. Assistance was also provided for the design of a voucher system and their distribution, and for the transfer of knowledge in the field of asset valuation of enterprises to be privatized. Despite a slowing of the

privatization process, the new mechanisms put in place will play a key role during the acceleration of mass privatization presently planned by the Government.

20. It was estimated that the assistance provided through the project for support to small- and medium-scale private enterprises (ROM/90/002) has enabled the Government to define a strategy for the promotion of the emerging private sector. After the establishment in Bucharest of a centre to provide direct support for entrepreneurs through information and counselling, a network of 10 business support centres was established, with co-funding from the Government of the Netherlands and the Government of the United Kingdom of Great Britain and Northern Ireland's Know How Fund. All of the business support centres, which also provide direct counselling to entrepreneurs, are staffed by Romanian business advisers, trained within the framework of the project. The business support centres were instituted by local groups and authorities as independent foundations, thus ensuring their sustainability. In light of the positive results of the project, UNDP and the United Nations Industrial Development Organization (UNIDO) decided jointly to establish a regional centre to promote small- and medium-scale private enterprises in Central and Eastern Europe and the Commonwealth of Independent States. At present, that regional initiative serves Albania, Kazakstan and the Republic of Moldova.

21. In the opinion of many participants in the review meeting, the private sector continues to face many difficulties in Romania. The procedures for the creation of new enterprises remain cumbersome, and an appropriate taxation system is still lacking. Insufficient information on business opportunities and advice on marketing techniques and quality standards, as well as a lack of capital, still hamper the growth of the private sector. Along with a lack of capital, insufficient information and advice on business opportunities, marketing techniques and quality standards still hamper the growth of the private sector. More attention should be devoted to these crucial issues, since solutions to these problems are often beyond the possibilities of small- and medium-scale enterprises.

22. In conjunction with the country-level activities described above, the regional project to support a privatization network for countries in Central and Eastern Europe and the Commonwealth of Independent States (RER/92/011) brought together key officials in charge of privatization to discuss privatization-related issues and to draw on the experiences of other countries in the region. The project is also financed by the European Union, through the Poland Hungary Aid for the Reconstruction of the Economy (PHARE) programme, which now covers central and Eastern European countries and the Baltic States, and the European Bank for Reconstruction and Development (EBRD).

C. Environment protection and energy conservation

23. During the decades of centrally planned economy, while heavy industrialization was a high priority, insufficient attention was paid to environmental issues or the use of high-energy technologies. Some 14 heavily industrialized and populated areas have been identified as sites where the

concentration of industrial pollution is considered a serious health hazard. The environmental clean-up of those areas is a high priority for the Government.

24. The project for the development of an action plan for reducing environmental hazards from industry (ROM/91/002), financed by UNDP Special Programme Resources (SPR), was designed to assist local authorities to prepare plans for an environmental clean-up of the industrial area of Bacau, one of the 14 heavily polluted areas mentioned in paragraph 23 above. That recently completed project succeeded in developing a methodology for empowering local authorities, and notably, the local environment protection agencies, with the capacity to design and implement action plans for industrial clean-ups. During the mid-term review, it was observed that the project had contributed significantly to raising awareness on environmental issues. As a result, a law calling for the harmonization of domestic regulations with international environmental standards, in line with those recommended by the European Union, has been debated in Parliament.

25. A significant factor in Romania's changing economy is the urgent need to reshape the energy sector, particularly the supply side, in terms of productivity, the environment, tariffs and conservation. The consumption of energy is highly inefficient, owing to a former policy of low energy tariffs and subsidies in the sector. This and other factors lead to a use of energy 3.5 times greater than in the countries belonging to the Organisation for Economic Cooperation and Development.

26. Another project (ROM/94/002) aims at establishing a training, information and dissemination centre on energy management. That centre is designed to increase the awareness of decision makers on energy management issues. The project, co-financed by the Governments of Canada, France, and the Netherlands, organizes 12 short intensive training courses per year, and for a period of three years, will train some 300 decision makers annually, in sound environmental techniques for energy production, transport distribution, energy management, and energy savings techniques. Each year, the project also will carry out a minimum of three case-studies of large, energy-intensive industrial enterprises. The project uses a combination of national consultants and international specialists, the latter providing the necessary back-stopping and support to their national colleagues to ensure updating of their knowledge and full transfer of skills.

27. Complementary to the projects discussed above, activities on environmental management in the Danube River Basin (RER/91/G31) and environmental management and protection of the Black Sea (RER/92/G31) have been developed within the regional projects financed through the Global Environment Facility (GEF). The main objectives of Danube River Basin are to: (a) create the framework for a long-term solution to the pollution problem in the Danube River Basin; (b) form the scientific, institutional and strategic basis for an action programme to address water pollution; and (c) provide technical assistance to identify key problems, develop overviews of the existing situation and establish networks for information exchange, training and institution-strengthening.

28. Activities for environmental management and protection of the Black Sea aim at: (a) playing a catalytic role in reversing the environmental degradation

process and unsustainable use of natural resources in the Black Sea; (b) providing coastal countries with a solid basis for developing long-term environmentally sound policies (including investment); (c) supporting institution-building at the national and international level to foster a sustainable framework for cooperation among Black Sea countries, the scientific communities, non-governmental organizations (NGOs) and the private sector.

D. Other projects

29. In addition to the projects in the three main areas of concentration of the country programme, UNDP assistance has also been made available to finance other initiatives that aim at solving urgent problems and have an immediate impact.

30. A pilot project for the modernization of customs procedures (ROM/91/001) aimed at computerizing the process for customs declarations, using with Automated System for Customs Data software developed by the United Nations Conference on Trade and Development (UNCTAD). That project was completed successfully, and the Romanian authorities have decided to use the software for the full computerization of their customs procedures. A large follow-up project, financed by the United Kingdom's Know How Fund and executed by UNCTAD, was approved recently, to provide technical support to the Customs Directorate for implementation of the modernization procedures.

31. A recently completed project for the improvement of facilities and customs procedures at the Giurgiu (Romania)/Russe (Bulgaria) border (ROM/93/004), co-financed by the United States of America, was instrumental in reducing the waiting period for trucks transporting goods through the border of the two countries from some 24 hours to approximately 15 minutes.

32. An export promotion project (ROM/91/005) co-financed by the Government of France was designed to assist the Government of Romania in the establishment of a centre for export promotion, which would provide information and direct support to exporting companies. Owing to delays in the establishment of the centre, the primary objective of the project has not been fulfilled.

33. The pilot project on women in development (ROM/93/003) aims at (a) setting up a policy unit and an advocacy group for promoting women's participation in policy design and civil society and (b) working with NGOs and international projects to promote gender sensitization activities, appropriate skills acquisition and women's entrepreneurship. The project has rapidly gained a solid reputation with the Government and donors alike. Its extension is now envisaged and co-financing from bilateral donors already has been secured.

34. UNDP also is assisting the Government in producing its first Human Development Report. This activity will enable the country to take full stock of its economic and social situation during the present period of transition. Data desegregated by gender and administrative districts have been gathered and processed by the National Commission for Statistics. It is expected that the report will create the foundation for broad participation in decentralized planning, with a strong focus on economic growth, job creation, social integration and environmental protection.

35. In addition to indicative planning figure (IPF) resources, UNDP assistance to Romania includes funds provided under Special Industrial Services (SIS) projects. Despite their small-scale character, SIS projects made an important contribution to solving some short-term problems, which appeared either after the approval of the present country programme or were urgent in nature. In particular, SIS projects have facilitated the smooth implementation of the fifth country programme in the field of industry. Close cooperation with UNIDO, to the satisfaction of both the Government and UNDP, should be underlined.

E. Resource mobilization

36. In light of the low IPF, resource mobilization has become a priority for UNDP in Romania. IPF-funded projects are viewed increasingly as ground-breaking efforts in priority areas, and resources for their extension and replication are sought systematically from other donors. Thanks to targeted efforts, during the past three years, the UNDP country office has managed to mobilize approximately $1.7 million in cost-sharing, an amount equivalent to 105 per cent of the IPF entitlement for the 1993-1996 programme period. Cost-sharing funds have been provided by the Governments of Canada ($50,000), France ($283,000), the Netherlands ($650,000), the United Kingdom ($237,000) and the United States of America ($482,000), for projects in priority areas, such as the development of the private sector, energy management, environment, women in development and rehabilitation of border-crossing checkpoints. The above-mentioned funds are additional to $500,000 in SPR funding for priority activities in the field of environment and women in development and the preparation of a national Human Development Report. Further efforts are being made to identify other possibilities for obtaining funds through non-IPF sources, such as SPR, TSS-1, TSS-2, GEF and Capacity 21.

V. PROGRAMME MANAGEMENT

A. The programme approach

37. It was noted at the mid-term review that the programme approach is a main feature of the fifth country programme. In structuring the country programme by areas of concentration instead of individual projects, the programme approach enables UNDP and the Government to adjust activities to the rapid changes that characterize socio-economic development during the transition period. In addition, the impact of projects is maximized by the targeted use of limited financial resources.

38. UNDP interventions have supported the national authorities in the analysis of problems, the identification of sectoral and subsectoral objectives, and the formulation/modification of policies and programmes of action in important aspects of the transition to a market economy.

B. National execution

39. During the course of implementation of the country programme, and for the first time in Romania, the national execution modality was applied. Only a limited number of projects (four) are being executed using the national execution modality, mainly because of the present need to ensure the transfer of modern management techniques through foreign specialists trained and experienced in a market environment. However, thanks to the strong academic backgrounds of Romanian professionals, it is expected that this transfer of knowledge will be swift and that national execution will be used increasingly for future assistance. The excellent results in the transfer of knowledge and responsibilities to national professionals, under the project to support small- and medium-scale private enterprises (ROM/90/002), as well as in other projects, are strong indications that this perspective is realistic. In this connection, improved and simpler procedures for the application of the national execution modality would have to be explored, to ensure adequate technical back-stopping by specialized agencies.

C. Support cost arrangements

40. The complexities of the new support cost arrangements have required staff training and time. Because of the limitation of the share of resources allocated under TSS-1 and TSS-2 to the Regional Bureau for Europe and the Commonwealth of Independent States, Romania did not benefit as much as it would have liked from such additional support.

D. Cooperation with United Nations agencies and international financial organizations

41. Close collaboration has been maintained with other United Nations agencies, IMF, the World Bank, EBRD and the European Union. The UNDP country office participates regularly in periodic meetings with representatives of the Government and international institutions, to discuss problems of common concern, the progress achieved in the implementation of specific assistance programmes and aid coordination. In that connection, reference should be made to cooperation with the United Nations Population Fund on national projects, including a population and housing census and demographic surveys (ROM/90/P02) and an effort to strengthen the Government's family planning programme (ROM/93/P01). In addition, special mention should be made of close cooperation with the United Nations Children's Fund (UNICEF), in the preparation of the first Romanian Human Development Report. Collaboration with UNICEF is increasing in other areas of UNDP assistance, such as gender in development.

VI. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

42. The three main areas of concentration of the fifth country programme remain relevant to the present needs of Romania, as specified in various government policy documents. Oriented towards key segments of the Government's reform strategy, the implementation of the country programme has had a positive impact on capacity-building in the institutions in charge of the respective areas of concentration.

43. Executive Board decision 94/16 of 10 June 1994 (DP/1994/55) to revise all IPFs down to 70 per cent of their original levels has significantly affected programme and project implementation in Romania, the country office having been obliged to curtail financial inputs to ongoing projects. Nevertheless, the reduced IPF funds have been expended swiftly, thus confirming the capacity of the country to absorb international assistance. In addition, the programme approach and national execution modalities offered possibilities to strengthen the capacity of local institutions to mobilize additional financial resources and to make full use of the vast human potential of the country.

44. As UNDP is no longer the main provider of external funds, co-financing, primarily through cost-sharing mechanisms, is now much more important than in the past for enlarging the scope of the organization's assistance. Cooperation with the donor community has been excellent and should result in increasing contributions in the coming years.

B. Recommendations

45. The following recommendations resulted from the mid-term review:

(a) Privatization, post-privatization, decentralization and environmental issues should be considered as priorities for future assistance;

(b) Increased use of national institutions and experts in the implementation and evaluation of projects also should be considered;

(c) In accordance with paragraphs 1 and 4 of General Assembly resolution 49/21 A of 2 December 1994 on "Economic assistance of States affected by the implementation of the Security Council resolutions imposing sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro)", appropriate measures should be taken to provide additional resources for technical assistance, in order to assist the Government of Romania in its efforts to alleviate the specific economic and social problems caused by the adverse impact of the sanctions;

(d) The identification of additional external funding sources to complement UNDP resources will be essential in the future;

(e) Continued cooperation with cost-sharing donors and the expansion of the programme approach and national execution modalities should be pursued vigorously.

Annex

FINANCIAL SUMMARY

I. RESOURCES

A. Resources available for country programme period

	$	$
IPF	1 617 200 a/	
Estimated cost-sharing	1 702 000	
Joint programme funding	-	
Total		3 319 200

B. Commitments

Approved programme/project budgets b/		
Approved and allocated IPF	1 535 000	
Approved and unallocated IPF	-	
Subtotal		1 535 000
Approved and allocated cost-sharing	1 702 000	
Approved and unallocated cost-sharing	-	
Subtotal		1 702 000
Pipeline programme/projects		
IPF	-	
Cost-sharing	-	
Subtotal		-
Total		3 237 000

C. Balance of resources available for further programming

IPF	82 200
Cost-sharing	-
Balance of resources available	82 200 c/

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a/ Compared to the $3,546,000 originally anticipated for the fifth cycle IPF; the reduction results from the revision of the IPF to 70 per cent of its originally established figure, plus carry-over from the fourth cycle ($207,000), less 1992 expenditure ($1,072,000).

b/ "Approved and allocated" refer to those programmes and projects approved by the Action Committee or Bureau PAC for which there exist detailed, signed documents and budgets. "Approved and unallocated" represent the balance of funds available to the programme or project which have yet to be reflected in specific budget lines.

c/ This figure represents the net balance of IPF cost-sharing resources available plus joint programme funding less approved and allocated/unallocated IPF and cost-sharing funding less pipeline IPF and cost-sharing.

(Thousands of dollars)

Area of concentration	IPF (P)	IPF (A)	Cost-sharing (P)	Cost-sharing (A)	Total (P)	Total (A)	Percentage of total (P)	Percentage of total (A)
Human resources development	664	543	700	145	1 364	688	33	21
Privatization	793	511	800	802	1 593	1 313	38	40
Environment/energy conservation	367	235	250	136	617	371	15	11
Other activities	193	246	250	619	443	865	11	26
Unprogrammed resources	128	82	-	-	128	82	3	2
Total	2 145	1 617	2 000	1 702	4 145	3 319	100	100

a/ Taking into account the 30 per cent reduction of IPF for the fifth cycle.

III. ESTIMATED COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES

	At the time of formulation of country programme	At time of mid-term review
UNDP-administered funds		
Special Programme Resources	-	284 000
Other United Nations resources		
United Nations Population Fund	900 000	694 000
Global Environment Facility	1 200 000	2 500 000
Total	2 100 000	3 478 000